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## ECONOMIC POLICY, ORGANIZATION, AND MANAGEMENT

### ECONOMICS OF PRIMORSKIY KRAY DISCUSSED

Moscow FINANSY SSSR in Russian No 1, Jan 80 pp 48-50

[Article by Ye. M. Borobov, Deputy Chief of the Primorskiy Kray Financial Division, and A. S. Logunov, Chief of the Division for the Financing of Local Industry: "The Budget and Economy of Primorskiy Kray"]

[Text] Primorskiy Kray occupies the southern and mostly highly settled and developed part of the Soviet Far East. There are land and sea routes here which connect it with all of the corners of our state and with foreign ports.

Primorskiy Kray is rich in natural resources. The land and forests provide abundant wealth and the animal world is varied. With each passing year its workers make fuller use of these resources, making a worthy contribution to the strengthening of our state's economy. New cities and villages are being created and orchards are being raised. The kray's present is bright and happy and its future is wonderful.

Primorskiy Kray is primarily a supplier of fish. The fish industry plays an important role in the kray's economy and, consequently, in the remaining spheres of its life. The fishermen of the Far East supply our tables with more than one-third of the fish output which is produced in the country and, moreover, the fish they supply are very varied -- more than 600 types.

The seamen of the Far Eastern Steamship Company are also working fruitfully. For many years now its ships have been sailing to Japan and Canada, to the ports of the Pacific coast of the United States and to the countries of Southeast Asia and the Indian Ocean.

Primorskiy Kray has a varied industry. Today the mining, fishing, timber, and woodworking branches are the basic branches of the economy of the Primor'ye. They define the place of the kray in the all-union division of labor. Such branches of industry as electric and thermal power engineering, the fuel and chemical industries, and machine building and



metal working are developing at accelerated rates. The kray's agriculture is also on the rise.

In implementing the decisions of the 25th CPSU Congress the workers of the Primor'ye have achieved good economic results. Its industry fulfilled the assignment for three years of the Tenth Five-Year Plan ahead of schedule, on 22 December, 1978. Total production increased by 15.8 percent. Additional output worth 188 million rubles was sold. The assignments for the production of canned fish products, nonferrous metal concentrates, machine building output, instrument making output, and welded products were overfulfilled. The capital-labor ratio increased by 15 percent and profits by 13 percent. The production of more than 600 new types of products was mastered. The production of consumer goods increased by 23 percent. There was a substantial decrease in the number of lagging enterprises.

A number of large enterprises and social and cultural facilities were put into operation: the Novospassk Cement Plant, a coal complex in the Eastern port, the Primorskiy Ore Concentrating Combine, the Luchegorsk Coal Mine, and others. The first two facilities will be able to accomplish major economic tasks not only for the kray, but also for the country.

The material and technical base of the kray's sovkhozes and kolkhozes has been strengthened. Almost 50,000 hectares of irrigated and drained lands have been put into operation. Rural workers fulfilled their social commitments for the three years of the five-year plan for the sale to the state of grain, fruit, honey, eggs, milk, mink hides, and deer antlers. The gross production of agricultural output increased by 19 percent.

The material and cultural levels of life of the workers has risen. In three years of the Tenth Five-Year Plan around 3 million square meters of housing were commissioned and the plan for the construction of schools, medical institutions, and children's preschool institutions was fulfilled. Around 80,000 people are studying in the 11 higher and 33 secondary specialized educational institutions of the kray.

Thanks to the successful development of the kray's economy, in 1978 the state income plan was fulfilled by 102.4 percent and 40.2 million rubles in excess of the plan came into the state budget; during the first half of 1979 the above-plan figure was 19.1 million rubles. This made it possible to fulfill the income part of the kray's budget for 1978 and the first half of 1979 by 102 percent.

A substantial part of the above-plan receipts was assigned for the financing of social and cultural measures and the development of the

local economy. The income part of the budget was fulfilled by all of the cities and rayons of the kray, and also by the rural and settlement Soviets. The best results were achieved by the financial agencies of the cities of Vladivostok ( Chief -- L. A. Kushnarev), Nakhodka (Ye. K. Zuravkova), and Ussuriysk (I. D. Zdor) and of the Dal'negorskiy (F. S. Sopolev), Oktyabr'skiy ( T. M. Kuznetsov), and Khankayskiy Rayons (T. S. Gorlova).

For its successes during the second quarter of 1978 the kray financial division was awarded second place in the All-Union Socialist Competition. The Vladivostok gorispolkom was the victor of the All-Union Socialist Competition for the work results of the third quarter, and for its high indicators in the fourth quarter of 1978 it was awarded the Red Challenge Banner of the USSR Ministry of Finance and the Central Committee of the Trade Union of State Institution Workers and the first monetary prize.

In order to successfully cope with the state income plans, the kray's financial agencies organized efficient control over the fulfillment by enterprises and economic agencies of their commitments to the budget, and when the situation demanded it, they took effective and rapid measures.

However, as the materials of checks show, economic control work has not yet been efficiently organized in all of the financial agencies of the kray. At its meetings the board of the kray financial division hears reports from the leaders and senior specialists of rayon and city financial divisions. This kind of practice helps to eliminate shortcomings and ensures the high quality fulfillment of the plans for state income and the budget and the strengthening of the payment discipline of economic agencies. As a result, arrears are reduced and the economic control work of financial agencies is improved.

In the first quarter of each year there is a sharp increase in the amount of work in the financial agencies of the lower and middle echelons: the past year's reports of enterprises, organizations, associations, and administrations are analyzed; the materials of the analysis are examined by the ispolkoms of the local Soviets of People's Deputies; an account check is performed on the reports and balances of not less than half of the economic agencies under control which make payments to the budget; and the results of the state income and budget plans are totalled up. At the same time, it is necessary to ensure the fulfillment of the state income and budget plan for the first quarter. For example, the apparatus of the kray financial division performs an analysis, and the kray ispolkom, after discussing the financial work of its 29 divisions and administrations and also of six administrations and associations of republic subordination, adopts the appropriate decisions.

As the result of the account checks and of the analysis of the annual (for 1978) reports and balances of the economic agencies of local

subordination, 2.1 million rubles worth of intra-economy reserves were discovered: part of this money was assigned to cover a shortage of the agencies' own circulating capital, and more than 1.5 million rubles was assigned to the budget. In the first quarter of 1979 the reports and balances of 54.4 percent of the economic agencies of republic and union subordination were subjected to an account check. One-third of their annual reports have been analyzed, with the result that proposals have been made to increase balance profits by 11.7 million rubles and payments to the budget by 16.1 million rubles. Moreover, almost half of this amount has been added to the economic agencies which are controlled by the Vladivostok city financial division.

During the course of the work done in 1978 in the economic agencies of union and republic subordination alone, profits and payments to the budget were increased by more than 20 million rubles, including 10.5 million rubles for the financial agencies of Vladivostok, 3.1 million rubles for those of Ussuriysk, 2.5 million rubles for those of Nakhodka, and around 500,000 rubles for those of Spaask. Such substantial additional payments to the budget must undoubtedly be put to the credit of our financial agencies which discovered instances of the distortion of reporting. However, this bears witness, above all, to the low level of the accounting and reporting discipline of our economic agencies. In a number of cases chief accounting offices intentionally assign expenditures which have no relation to output costs to production expenditures and thereby create various kinds of reserves. This occurs as a result of the lack of legitimate sources to cover such expenditures. The kray financial division and its lower-level agencies are struggling against such violations which decrease the budget's income.

The kray's financial agencies still have a great deal to do in order to improve the accounting and reporting of economic agencies and to curtail the failure of the state budget to obtain receipts. In their control work the workers of the control and auditing apparatus and of financial agencies frequently encounter instances of the irrational use of budgetary resources by institutions and organizations of local subordination. In 1978 alone in the institutions of education and public health illegitimate expenditures for various budget items came to more than 400,000 rubles. Measures are being taken to curtail such violations.

Not all is well in certain branches of the economy which are under the management of the local Soviets. Thus, in three years of the Tenth Five-Year Plan the amount of production by the enterprises of the administration for local industry increased by 11.8 percent instead of the planned 19 percent and in 1978 they did not meet their profits plans and were in arrears with payments to the budget.

The enterprises of the "Primorskstroyaterialy" Production Association, of the administrations for the food industry and for domestic services to the population and of other administrations of the krayispolkom and also of associations of union-republic subordination worked below their capacities. In 1978 the kray financial division repeatedly demanded the elimination of the shortcomings in the work of these organizations which had been discovered by checks and analyses. The discussion of the materials of the checks in the krayispolkom compelled the leaders of the administrations to work out and implement measures to ensure the fulfillment of planning assignments for the most important production and financial indicators, and also the fulfillment of commitments to the budget.

Joint meetings of the boards of the kray financial division and the administrations were held at which an examination was made of the measures aimed at the fulfillment of financial plans and of payments to the budget from profits and the turnover tax. For example, in 1978 a meeting of this kind was held with the board of the administration for the food industry. The state of affairs at breweries and the turnover tax plan connected with it was discussed at this meeting. Joint board meetings were held in the first half of 1979 with the public education and public health divisions of the krayispolkom.

The kray financial division has done a large amount of work to strengthen planning, payment, account, and estimated staff discipline in the economic agencies of union-republic and local subordination. But the kray financial division and the financial agencies subordinate to it have to do a great deal more to eliminate existing shortcomings.

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## PLANNING AND PLAN IMPLEMENTATION

### STATISTICAL ORGANS TASKED TO IMPLEMENT PLENUM DECISIONS

Moscow VESTNIK STATISTIKI in Russian No 2, Feb 80 pp 3-10

[Article: "Tasks of State Statistical Organs in the Light of the Decisions of the November (1979) Plenum of the CPSU Central Committee"]

[Text] The Plenum of the CPSU Central Committee, which became an important political event in the life of our country, took place on 27 November 1979. The Plenum discussed drafts of the State Plan for the Economic and Social Development of the USSR and the USSR State Budget for 1980, approved them for the most part, recommended that the USSR Council of Ministers submit these drafts for the consideration of a session of the USSR Supreme Soviet, and adopted a decree on the questions that were discussed.

At the Second Session, Tenth Convocation of the USSR Supreme Soviet, deputies discussed drafts of the plan and the budget in detail and made a number of concrete proposals directed toward the more complete utilization of reserves in branches of the national economy and at the further enhancement of effectiveness and quality. The USSR Supreme Soviet adopted laws on the State Plan for the Economic and Social Development of the USSR and the USSR State Budget for 1980.

Comrade L. I. Brezhnev, general secretary of the CPSU Central Committee, delivered a brilliant, lengthy speech at the November Plenum of the CPSU Central Committee. This speech is a most important political document that sums up the development of the national economy in four years of the five-year plan, that offers a comprehensive, in-depth analysis of the state of the country's economy, that formulates the tasks of the party, of all elements of economic management, of labor collectives, and that articulates the specific ways and means of their practical realization.

Comrade L. I. Brezhnev emphasized that 1980 is not only the concluding year of the current five-year plan, but is also the base upon which the Eleventh Five-Year Plan is built, and the year of active preparations for the 26th CPSU Congress. The work that has been done and the tasks for 1980 must be evaluated from these positions.



In the process of carrying out the decisions of the 25th CPSU Congress, in four years of the five-year plan the Soviet nation has made significant progress in developing its economy, in further improving the well-being of the working people, and in strengthening the country's defensive capability. Compared with the corresponding period of the Ninth Five-Year Plan, national income increased by 323 billion rubles. By the end of 1979, fixed productive capital amounted to more than one trillion rubles (almost one-third of this capital was new). Capital investments exceed the 500-billion ruble mark. Approximately one thousand large industrial enterprises, including such industrial giants as the Sayano-Shushenskaya GES, KamAZ [Kama Automotive Plant], and "Atomash", have been built. Over 1500 kilometers of railroad track on the BAM [Baykal-Amur Mainline] have been laid.

The party's agrarian policy is being consistently implemented. Power per worker in agriculture increased 1.4 fold in four years. The countryside received 1.5 million tractors, 426,000 grain-harvesting combines, over 1 million trucks, and 317 million tons of mineral fertilizers. The average annual grain yield during this period was 209 million tons or 27 million tons more than in the Ninth Five-Year Plan. In 1979, 179 million tons of grain were produced notwithstanding the extremely adverse weather conditions.

The people's material and cultural living standard has been raised on the basis of successes in economic construction. Real per capital income in the four years increased by more than 13 percent, retail trade turnover in comparable prices increased by 18 percent, and the volume of consumer services increased by one-third. Numerous kindergartens, hospitals, schools, cultural institutions, and 423 million square meters of housing were built.

Comrade L. I. Brezhnev stated: "The successes are at hand and they are considerable. We see in them a good basis for resolving the national economic tasks of 1980, for further progress in building the material and technical base of communism." However this does not mean that we can be entirely satisfied with the results of the work. The situation continues to be strained in certain sectors of the national economy. The 1980 targets for a number of items are below the figures specified for the five-year plan. Comrade L. I. Brezhnev noted that the main cause of these deficiencies and bottlenecks is the failure to increase the effectiveness of production and improve the quality of the work as envisaged in the plan. A number of ministries and departments have still not overcome the power of inertia and have not reoriented their work in the direction of beauty, increased labor productivity, and optimal end results. These results fall short of our potential.

The party points to specific ways of further developing individual branches of the national economy -- the development of the fuel and raw materials base, energy, metallurgy, machine building, chemical and other branches of industry; the maximum use of reserves and potentialities for improving the work of rail and other types of transport; increasing the return on fixed productive capital; and the rational and economical use of labor, primary, fuel-energy, and financial resources.

The party calls the production of high-quality foodstuffs in sufficient quantity and a broad assortment and their uninterrupted supply to the population one of the most important tasks in improving the people's well-being. It is essential to improve the work of the food, meat and dairy industry, light industry, and trade.

It is impossible to realize this goal without developing agriculture. The party will continue to expand and update the branch's material-technical base. "At the same time," Comrade L. I. Brezhnev noted, "we have the entitlement and the duty to increase demand for the rational use of resources and equipment so that the strengthening of the material and technical base in the countryside would have a more appreciable impact on the level of the country's food supply." The increase in the productivity of fields and animal husbandry must above all be secured to these ends. The Plenum called for the proper organization of preparations for spring field operations and for the fulfillment and overfulfillment of state plans for 1980.

Comrade L. I. Brezhnev devoted much attention to the state of affairs in capital construction. He pointed out the need to increase the effectiveness of capital investments, to reduce the number of construction starts, to concentrate manpower and resources on facilities scheduled to begin operation prior to the completion of the entire project [puskovye ob"yekty], on the reconstruction and technical retooling of existing enterprises, and on improving the quality of construction work.

The Plenum emphasized that the intensification of economic development and the enhancement of effectiveness and quality are inconceivable without a rise in the level of management in the broadest sense of the term. The system of measures contained in the 12 July 1979 decree of the CPSU Central Committee and the USSR Council of Ministers "On Improving Planning and Increasing the Influence of the Economic Mechanism on Increasing Production Efficiency and Work Quality" is an important stage in improving the economic mechanism. The restructuring and improvement of the economic mechanism are a major economic and political task.

The Plenum indicated the necessity of strengthening centralism in planning and management while nonetheless strictly observing the principle of democratic centralism which opens up broad opportunities for initiative from below. "This," stated Comrade L. I. Brezhnev, "stems not only from our world-view but also from economic necessity. Initiative from below is our irreplaceable reserve in the acceleration of economic development."

It is the duty of all party and economic organs, of management at all levels to improve the style and methods of the work, to strengthen labor and planning discipline, to exercise stricter supervision over the fulfillment of targets and decisions, and to react promptly and efficiently to instances of mismanagement and violations of established plans and norms. The party calls for raising the personal responsibility of every official, for conducting a flexible personnel policy, for the promotion of energetic and creatively-minded people, and for replacing those who do not cope with the work.

In the Eleventh Five-Year Plan, it will be necessary to implement a complex of measures to improve management: to effect major change in the structure and proportions of the economy, to improve existing branch and territorial relations, to elicit the links in which a maximum and rapid effect can be realized with minimal expenditures. Gosplan USSR must play a major part in resolving these questions.

The Plenum emphasized that in the improvement of production much also depends on improving organizational, mass political and ideological work. It is essential to increase the labor activism of the masses, to improve the organization of the socialist competition, and to disseminate progressive knowhow in every way possible.

The basis of the next five-year plan, Comrade L. I. Brezhnev emphasized, is clear: "in order to increase the well-being of the people, we must double and treble our efforts to implement the party's policy of enhancing effectiveness and quality. There is no alternative to this policy and it must be steadily implemented in the Eleventh Five-Year Plan."

The state plan for 1980 is an important element in the fulfillment of the decisions of the 25th CPSU Congress and the five-year plan as a whole. It envisages the further, steady development of all branches of the national economy, the strengthening of the country's defensive capability, and the development of foreign economic relations.

National income used for consumption and accumulation this year will increase by four percent or by 17 billion rubles. The volume of industrial production is increasing by 4.5 percent. Gross agricultural output is slated to increase 8.8 percent or by 11 billion rubles. The volume of capital investment in the national economy from all sources of financing will be 135.3 billion rubles; state capital investments will amount to 119.1 billion rubles.

Plan targets are based on the increased effectiveness of social production and especially on the growth of labor productivity. Labor productivity will increase by 3.8 percent in industry, by 3.5 percent in construction, and by 2.9 percent in rail transport. This is higher than the indicators attained in 1979.

Four thousand new types of machinery, equipment, instruments and materials are to be put into production. The allocation for the development of science and technology is in excess of 21 billion rubles -- 5.5 percent more than in 1979.

Based on the growth of national income, the production of consumer goods, and the development of the service sphere real per capita income will increase by 2.9 percent and for the period of the five-year plan as a whole -- by 16.6 percent. Projected turnover in state and cooperative trade will be 264.2 billion rubles or 5.1 percent more than in 1979. A broad housing construction program is in the offing. Residential buildings with a

total combined area of 109.4 million square meters will be built. This will make it possible to increase the average living space per urban dweller to 12.9 square meters. Social consumption funds will increase by 5.5 percent and will amount to 116 billion rubles. This will permit the payment of pensions, grants and scholarships; the further development of public education and manpower training; the further development of public health services and the improvement of the sociocultural services.

The Plenum of the CPSU Central Committee approved in full the principles and conclusions set forth in Comrade L. I. Brezhnev's speech and called upon all party, state and economic organs as well as trade union and Komsomol organizations to make them the basis of their activity in fulfilling the plan for 1980 and in realizing the pronouncements of the 25th CPSU Congress in the realm of party economic policy.

The improvement of the planning and management of the economy is a decisive element in improving the work of enterprises and organizations in all branches. We must consistently and continuously implement measures envisaged in the decree of the CPSU Central Committee "On the Further Improvement of the Economic Mechanism and Tasks of Party and State Organs" and the decree of the CPSU Central Committee and the USSR Council of Ministers "On the Improvement of Planning and Increasing the Influence of the Economic Mechanism on Enhancing the Effectiveness of Production and the Quality of the Work." These very important political, economic and social documents, which were developed on the basis of the decisions of the 25th CPSU Congress, subsequent Plenums of the CPSU Central Committee, and the New Constitution of the USSR pose the task of raising the level of planning and economic management and of bringing them into line with the demands of the present stage -- the stage of developed socialism.

L. M. Volodarskiy, chief, TsSU SSSR [USSR Central Statistical Administration], was the keynote speaker at a meeting of the party-economic aktiv of the TsSU SSSR on 27 December 1979. He reported on the work of the Plenum of the CPSU CC, on the Second Session, Tenth Convocation of the USSR Supreme Soviet and the tasks of the TsSU SSSR stemming from the decisions of the Plenum of the CPSU Central Committee, and the principles and conclusions expressed in the speech by Comrade L. I. Brezhnev, general secretary of the CPSU Central Committee at the Plenum.

State statistical organs must use the wealth of information they have at their disposal regarding the country's economic and social development to bring about a significant rise in the level of economic analysis by concentrating their attention on the in-depth, comprehensive study of the major national economic problems that ultimately assure high final national economic results and the dynamic and proportional development of the economy. They should focus special attention on the comprehensiveness of the solution of economic and social problems, on the fulfillment of the most important public programs, on scientific-technical progress and its impact on influencing growth rates of labor productivity and product quality, on the rational use of productive capital, of labor and financial resources, and available reserves, and on the elimination of losses in the national economy.



The study of national economic proportions and the enhancement of the effectiveness of capital investments and of all social production acquire great significance. The preparation of these materials will unquestionably help management and planning organs to solve practical problems in the development of the socialist economy.

Following the November Plenum of the CPSU Central Committee and the Second Session, Tenth Convocation of the USSR Supreme Soviet, all TsSU SSSR organizations have made a major effort to prepare measures stemming from the decisions of the Plenum and the Session and the conclusions and principles in Comrade L. I. Brezhnev's speech for state statistical organs. These measures were discussed and ratified by the collegium of the TsSU SSSR. The present task is to organize the successful fulfillment of these measures.

The TsSU SSSR defined a complex of measures for implementing the decree of the CPSU Central Committee and the USSR Council of Ministers "On Improving Planning and Increasing the Influence of the Economic Mechanism on Increasing Production Efficiency and Work Quality." The TsSU SSSR, with the consent of Gosplan USSR, is directed to modify state statistics in line with the aforementioned decree while the USSR Ministry of Finance and the TsSU SSSR are directed to modify accounting and accountability in order to secure the further reduction and simplification of the accounting and accountability of enterprises, associations, ministries, and departments.

The TsSU SSSR devised a schedule for modifying statistics and specified concrete deadlines for reviewing existing reports on the statistics of industry, technical progress, capital construction, material-technical supply, censuses, labor and wages, finances, and prices.

A number of indicators in the decree are considered in present statistics. In particular, the statistics of industrial enterprises of individual ministries contain indicators of normative net output and labor productivity determined on the basis of that indicator; the statistics of construction organizations of individual ministries contain indicators of the volume of commercial construction output.

In the case of a number of statistical reports, data are to be obtained starting in 1980. For example, statistics will be kept on the number of workers engaged in manual labor, on the introduction of collective work techniques, on the formation and utilization of the unified fund for the development of science and technology; changes have been made in the industrial product mix for the compilation of enterprise reports in connection with changes in units of measurement; a program of summary reports on basic indicators of development of territorial production complexes has been developed. It is important to emphasize that the task of state statistical organs is not only to introduce new statistical indicators but also to analyze them from all aspects in conjunction with the problem of increasing the effectiveness of social production and of improving the quality of the work. The realization of these tasks requires the timely preparation of all questions associated with the mechanization of statistical processing with due regard to future changes in it.



In the light of the decisions of the November (1979) Plenum of the CPSU Central Committee and the principles and conclusions contained in the speech by Comrade L. I. Brezhnev, state statistics is confronted by the task of supplying administrative, planning and economic organs in the center and in various localities with comprehensive, timely and complete statistical information necessary for the operational management of the national economy in accordance with the concrete demands of the CPSU socioeconomic program for the Tenth Five-Year Plan.

To this end, the leadership and collectives of administrations, departments and organizations subordinate to the TsSU SSSR must secure the fulfillment of TsSU SSSR measures stemming from the decisions of the 25th CPSU Congress, subsequent plenums of the CPSU Central Committee, and principles and conclusions in speeches by Comrade L. I. Brezhnev, general secretary of the CPSU Central Committee, at these plenums.

The level of all balance sheet work must be raised considerably. The first task is to secure further improvement in the methodology of the balance of the national economy, to use balance sheet data for the in-depth analysis of the most important national economic proportions and interrelations in the development of the economy, the effectiveness and the quality of the work. In this regard, new tasks also arise in the elaboration of the input-output table and in analyzing its indicators.

At the same time, the rise in the level of balance sheet work also applies in full measure to the statistics of labor and wages, material-technical supply and censuses, industry, capital construction, and other branches of statistics.

The improvement of balance sheet work must secure the deeper analysis of the use of material, financial and labor resources under the conditions of the further intensification of production. On the basis of balance sheet calculations, more attention must be devoted to the analysis of such general indicators of effectiveness of social production as material-intensiveness and capital-intensiveness of production, the output-capital ratio, and labor productivity. The balance of production capacities must be analyzed in greater depth. Great and important tasks confront industrial statistics. Special attention should be devoted to joint study and analysis of the development of production and the raising of the technical level of the mechanization of hoist-transport, loading-unloading, and warehousing operations.

Industrial statistics must analyze in greater depth the development of electric power production, ferrous metallurgy, the coal industry, the production of cement, consumer goods, etc.

We must study in greater depth the distribution of industrial output between Group 'A' (means of production) and Group 'B' (consumer goods), their relative proportion, and their correspondence to planning estimates. There is a need for the further improvement of work to investigate the fulfillment of production plans in all branches of industry and particularly in machine building.

Considering the serious shortcomings that exist in capital construction, we must continue the comprehensive statistical analysis of the course of capital construction. We must devote more attention to the study of the effectiveness of production in the construction industry, of the length of construction time, of the volume of incomplete construction, and the concentration of resources on the most important construction projects.

In agricultural statistics, there is the important task of elaborating a number of measures and of further improving statistical observation of agricultural production. It should be emphasized that the efforts of statisticians in this area must be primarily oriented toward the investigation and analysis of the further development of interfarm cooperation in conjunction with other measures relating to the intensification of agricultural production and the increased specialization and concentration of production.

Much still remains to be done in the statistics of material-technical supply and censuses. Attention here must be focused on the analysis of the rational use of the most important material resources, especially metal, fuel and power, and the existing norms governing their expenditure.

State statistical organs are called upon to keep a tighter check on the prompt supplying of branches of the national economy with high quality material resources and equipment in order to ascertain existing reserves and to bring them into economic circulation; to raise the level of analysis of the activity of supply and sales organizations, of the development of new forms of supply, and of direct long-range relations and wholesale trade.

The plenum focused much attention on the work of transport and its role in the resolution of the entire complex of national economic problems. In order to make an in-depth analysis of the work of all types of transport, statisticians will first of all have to draft proposals on the improvement of current statistics on rail transport, the data of which would permit the more complete characterization of the effectiveness of the use of rolling stock.

There is need for the all-round development and improvement of statistics on natural resources and the environment. These statistics will be highly relevant to the comprehensive analysis of the course of fulfillment of national economic plans in this area. Included under this heading are the rational use of natural resources, the preservation of the environment, and the protection of the country's water and air basins.

The statistics of finances and prices must play a greater part in the analysis of plan fulfillment. The study of the role of factors that determine the fulfillment of profit plans, the profitability of production, and their dynamics continue to be the basic direction. At the same time, more attention should be devoted to factors underlying the reduction of the prime cost of production and production costs, to the most complete ascertainment of available reserves, nonproductive expenditures and losses, and to the intensification of work on the study of the profitability of production of the most important types of products.

Major tasks confront statisticians in securing the accuracy of report data, in improving the state of accounting and statistics in the various branches of the national economy. Unfortunately, serious shortcomings still exist in this work. We must improve the organization of the verification of the accuracy of data, secure improvements in accounting and statistics, eliminate and prevent falsification of reports, cover-ups, and other distortions of report data at enterprises and in organizations. We must be highly principled and prompt in reacting to falsifications.

The implementation of major new measures to fulfill the decisions of the November (1979) Plenum of the CPSU Central Committee without the further improvement of statistical methodology. The role of the Scientific Research Institute of the TsSU SSSR must be raised in particular in this regard.

The computational system of the TsSU SSSR requires constant improvement. We must increase its effectiveness and reduce information processing time. In accordance with the target of the national economic plan for 1976-1980, the TsSU SSSR is working on the creation of the second phase of the ASGS [expansion not given]. This work is intended to improve accounting and statistics, to reduce the time spent on the collection and processing of statistical data based on the use of new processing technologies and the higher level of economic, statistical and methodological work of state statistical organs. Work on the second phase of the ASGS is performed in accordance with TsSU SSSR measures stemming from the decisions of the 25th CPSU Congress with due regard to the demands articulated in the decree of the CPSU Central Committee and USSR Council of Ministers "On Improving Planning and Increasing the Influence of the Economic Mechanism on Enhancing the Effectiveness of Production and the Quality of the Work."

In the four years that have elapsed in the Tenth Five-Year Plan scientific research institutes, the Main Computer Center, VGPTI, Glavmekhschet, and administrations and departments have engaged in a major effort to fulfill the plan targets articulated in the Summary Plan for the Creation and Activation of the Second Phase of the ASGS in 1976-1980. At the same time, works on the creation of the ASGS contain a number of shortcomings and unresolved questions: delays in the total mechanization of accounting on kolkhoses and sovkhozes; the insufficiency of measures to improve the use of computers; violations of regulations relating to the planning and calculation of the prime cost of production.

In fulfillment of the decisions of the 25th CPSU Congress, the creation of the first phase of VTsKP [collectively used computer centers] has been completed in Tallin, Tula and Tomsk.

For the first time, long-distance data processing technology based on Soviet-made computers has been created and introduced under industrial conditions. This is basically new technology that must be developed and improved further. The VTsKP in these cities is already serving 71 subscribers. They are working on more than 440 of the subscribers' problems including 246 that are processed by long distance. In the final year of the current five-year

plan, we must finish supplying the VTsKP with the equipment they lack, convert the subscribers' problems from experimental to industrial status, and step up work on the further development and improvement of software systems for VTsKP.

In connection with the decisions of the November (1979) Plenum of the CPSU Central Committee and the Second Session, Tenth Convocation of the USSR Supreme Soviet, state statistical organs are confronted with new and important tasks pertaining to the further improvement of organizational activity, to increasing the activism and improving the education of the work force.

The November Plenum (1979) of the CPSU Central Committee indicated concrete ways of eliminating existing shortcomings in the development of individual branches of the national economy. State statistical personnel must do everything necessary for the successful realization of tasks stemming from the decisions of the 25th CPSU Congress and subsequent plenums of the CPSU Central Committee.

The year 1980 is the 110th anniversary of the birth of V. I. Lenin.

State statistical personnel, like all working people, regard the published decree of the CPSU Central Committee "On the 110th Anniversary of the Birth of Vladimir Il'ich Lenin" as yet another convincing evidence of the unshakeable loyalty of the CPSU to the ideas and behests of the leader of the world proletariat and are fully resolved to implement the party's grandiose plans. State statistical organs must implement a complex of measures in accordance with this important event and must be guided by the indicated decree of the CPSU Central Committee.

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## INVESTMENT, PRICES, BUDGET AND FINANCE

### USSR FINANCE MINISTER DETAILS 1980 BUDGET

Moscow PLANOVVOYE KHOZYAYSTVO in Russian No 2, Feb 80 pp 3-14

[Article by V. Garbuzov, USSR Minister of Finance: "The Budget of the Concluding Year of the Five-Year Plan"]

[Text] The Soviet people felt great satisfaction and pride in their socialist homeland following the decisions of the November 1979 Plenum of the CPSU Central Committee and session of the USSR Supreme Soviet, at which the plan and budget for the concluding year of the 10th Five-Year Plan were unanimously ratified.

The resolutions of the plenum lay out the consistent and unwavering path of the Leninist party toward an increase in the efficiency and quality of work in all elements of the national economy. The propositions and conclusions set forth in L. I. Brezhnev's speech at the plenum are a program of action for party, state, and economic bodies and trade union and Komsomol organizations to fulfill 1980 plan assignments.

The chief political result of the part of the five-year plan that is passed is that we have achieved dynamic development of the national economy and taken a great step forward in building the material-technical base of communism. "We may observe with satisfaction," L. I. Brezhnev said, "that by carrying out the decisions of the 25th CPSU Congress we have advanced significantly since the beginning of the five-year plan in national economic development, raising the material and nonmaterial standard of living, and strengthening our country's defense capability."\*

Growth in national income, a general index of socioeconomic development, testifies to the successes we have achieved during the current

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\* KOMMUNIST 1979, No 17, p 6.



five-year plan in building communism. Growth is 323 billion rubles compared to the same period of the Ninth Five-Year Plan. About four-fifths of this increase has been used directly for consumption in the interests of steadily raising public well-being.

The year just concluded was marked by a great upsurge of political and labor activism and broad socialist competition among the working people. The production of industrial output increased by 21 billion rubles. We achieved continued growth and intensification of public production, a rise in labor productivity, and a high rate of scientific-technical progress in all sectors of the national economy.

Following the decisions of the 25th party congress and the July 1978 Plenum of the CPSU Central Committee, a great deal of purposeful work was done to develop agriculture and strengthen its material-technical base. Additional material and financial aid was given to kolkhozes and sovkhozes last year in connection with difficult weather conditions in certain regions. The hard, unselfish labor of agricultural workers and the considerable aid given by the state and working people in other economic sectors made it possible to soften significantly the impact of unfavorable weather factors and gather the harvest in an organized manner. This was a vivid demonstration of the wisdom and far-sightedness of party agrarian policy and the strength and indestructibility of the alliance between the working class and the kolkhoz peasants.

Our achievements in development of the economy assured consistent implementation of the party social program. As a result the average monthly wage of workers and employees and payment to kolkhoz members increased and one of the major social measures of the five-year plan was accomplished when the earnings of 31 million employees in non-production sectors were raised. State expenditures to accomplish this were 7.1 million rubles per year. Real per capital income increased more than 13 percent in these four years while retail trade grew 18 percent. Payments and benefits from public consumption funds reached an enormous figure, more than 410 billion rubles.

The high rate of economic and cultural building and broad scope of constructive work demanded major financial expenditures. Vigorous work was done to mobilize internal reserves, fulfill the plan for budget income, and bolster economy and thrift in the expenditure of state capital.

The total volume of state financial resources in the first four years of the five-year plan was more than 1.5 trillion rubles. Of this amount 66 percent was mobilized directly through the USSR State Budget, which provided timely and uninterrupted financing for all activities envisioned by the plan and for the additional assignments adopted by the CPSU Central Committee and USSR Council of Ministers during fulfillment of the plan.

While it took note of our successes and achievements in economic development, the Plenum of the CPSU Central Committee also pointed to shortcomings in the work of particular sectors, ministries, and departments. By no means have all of them completed the reorientation of all work toward raising the quality and productivity of labor and achieving optimal final results. The plenum posed the following challenges: step up the struggle for fulfillment and overfulfillment of plan assignments in the national economy; find and introduce more fully new reserves for raising efficiency and intensification of production; insure the necessary concentration of forces and means on the key national economic problems.

The USSR State Budget for 1980 was developed on the basis of the decisions of the 25th party congress, subsequent plenums of the CPSU Central Committee, and the new program challenges set forth by the Central Committee of the Communist Party at the initiative of General Secretary of the CPSU Central Committee and Chairman of the Presidium of the USSR Supreme Soviet L. I. Brezhnev. Meeting these challenges is exceptionally important for continued comprehensive development of productive forces and consistently raising the effectiveness of public production and quality of work. It envisions surpassing development of the energy sector, improvement of the technical base of the national economy, and bolstering such vitally important links in the economy as transportation, ferrous and nonferrous metallurgy, machine building, and chemistry while maintaining our constant concern for further improvements in agriculture and expanding the production of consumer goods.

The budget provides the necessary financial resources to continue national economic growth, raise public well-being, and strengthen the country's defense capability. Budget income has been determined to be 284.7 billion rubles and expenditures are 284.5 billion. Incomes exceed expenditures by 200 million rubles. The principal source of income is revenue from the socialist economy, which will reach 259.4 billion rubles or 91.1 percent of all income. This figure is determined from planned assignments for expansion of public production, raising its efficiency, increasing labor productivity, and improving the use of fixed and working capital. By type of revenue income is broken down into the following figures (see table next page, in billions of rubles).

The profit of state enterprises in all sectors of the economy has been determined to be 127.6 billion rubles (76.6 billion for industry) and is growing at a rate of 10.1 percent in comparable conditions. The profit assignments being established for ministries and departments are demanding, but realistic. They are based on planned rates of growth in production of output and on the need for a further increase in the role of intensive factors in public production. More

	1979 (Ratified)	1980 (Plan)
Revenue from Socialist Economy	244.9	259.4
included in above:		
Payments from the Profit of Socialist Enterprises	81.1	87.2
Turnover Tax	87.9	92.7
Social Insurance Payments by State Enterprises and Organi- zations, Income Tax from Kolkhozes, Foreign Trade Receipts, and Other Income	75.9	79.5
Payments from the Population	24.3	25.3

than half of the envisioned growth in profit should be obtained by reducing the prime cost of products and services.

To continue increasing the role of profit in strengthening economic accountability relations in the national economy, a significant share of profit, more than 50 billion rubles, is to be left at the disposal of enterprises for production development and material stimulation of employees.

Of total payments to the budget out of profit, 28.8 billion rubles will arrive in the form of payments for fixed productive capital and norm-controlled working capital, 400 million will be fixed payments, 37.6 billion will be payments of the free remainder of profit, and 12.4 billion rubles will be deductions from the profit of the current year. Mutual relations between enterprises and organizations of economic sectors and the budget are constructed in such a way as to create the necessary conditions for continuous financing of planned assignments and measures through the capital of the economic organizations themselves and appropriations from the State Budget.

The turnover tax has an important place in budget income. According to the indexes of the national economic plan turnover tax revenue will increase 2.8 percent this year in comparable conditions, reaching 92.7 billion rubles.

A supplementary assignment for 2.8 billion rubles of trade turnover has been established to more fully satisfy the solvent demand for goods. Performance of this assignment will require USSR ministries and departments and the councils of ministers of the Union republics, while carrying out the annual plan, to search for additional opportunities and and internal reserves to increase the production of products by better

use of existing production capacities, mobilizing local raw material resources, and economical expenditure of materials.

The expenditures of the USSR State Budget for 1980 are laid out in the following amounts (see table below, in billions of rubles).

	1979 (Ratified)	1980 (Plan)
National Economy	144.4	149.4
Sociocultural Measures	91.3	97.2
Defense	17.2	17.1
Administration	2.3	2.4

In addition to this, the enterprises' own capital in the amount of 134.4 billion rubles and 8.1 billion rubles of bank credit is used to finance measures in the plan for development of the national economy. In all, 291.9 billion rubles was appropriated for these purposes, which is 9.9 billion rubles more than ratified by the plan for the preceding year. These appropriations insure the planned increase in production efficiency and work quality, acceleration of scientific-technical progress, and fuller utilization of the intensive factors of economic growth.

Growth in national income and development of the country's economy permit steady progress, planned by the party, toward a comprehensive rise in the well-being of the Soviet people. The 1980 plan and budget call for an increase in material stimulation for employees at sovkhozes in the Non-Chernozem Zone of the RSFSR, steps toward a further improvement in pension support for kolkhoz members, an increase in grants to invalids from childhood, and application of the free textbook system to students in the fourth and fifth grades at general educational schools. The necessary capital is envisioned to increase wages and outright time-in-service grants to railroad transportation employees and to provide greater stimulation for pensioners to work in the national economy. Additional state expenditures to raise the standard of living of the population will be 4.5 billion rubles, while for all measures in the budget of this year that have been carried on since the start of the five-year plan the total is 15.4 billion rubles. In addition, repayment of state internal loan bonds sold earlier by subscription among the population and kolkhozes will be continued.

Public consumption funds will grow to 116 billion rubles by the end of the year, an increase of 5.5 percent. A number of major steps were taken in the first four years of the five-year plan to improve public education, culture, public health, and social security. The



facilities for education, indoctrination, and vocational training at general education schools were improved, expenditure norms for food and medicine for certain categories of sick persons were increased, and pension support is improving. The transition to universal secondary education of young people was an outstanding social achievement in the 10th Five-Year Plan.

Expenditures for social-cultural measures will be increased by 5.9 billion rubles in this year. The plan and budget envision further development of public indoctrination for preschool and school-aged children. The total amount of expenditures to maintain and build children's preschool institutions and regular schools and to stock and equip them will be 15 billion rubles.

More than 8 billion rubles is being allocated from the budget to insure planned expansion of the training of specialists and skilled workers. This will make it possible to increase the number of graduates from higher educational institution, tekhnikums, and vocational-technical schools and send the national economy 2 million specialists with higher and secondary specialized education and 2.3 million highly qualified workers in 1980.

The network of medical establishments will be expanded and more special equipment will be supplied to them. The number of hospital beds will reach 3.3 million; 14.4 billion rubles of budget capital is being appropriated for public health and physical training.

The state social insurance budget, from which pensions and subsidies are paid to workers and employees, is envisioned at a figure of 34.5 billion rubles, which is an increase of 6.6 percent. A total of 32.9 billion rubles will be paid from the budget and other sources for all types of pensions; this is 3 billion rubles more than last year.

Trade and domestic service will continue to develop in 1980; 7.7 billion rubles is being appropriated for these purposes. Retail trade will grow by 12.9 billion rubles to a figure of 264.2 billion, and public demand for various goods will be met better. The volume of domestic services to the population will rise to 8 billion rubles, an increase of 7.3 percent.

Housing construction is going forward on a large scale. Plans envision construction of residential buildings with a total area of 109.4 million square meters, which will enable more than 10 million people to improve their housing conditions. During the five-year plan as a whole more than 50 million people will improve their housing conditions.

The party and government show constant concern for the development of domestic science and strengthening its material-technical base. Our



scientists make a significant contribution to solving the problems of raising production efficiency and accelerating scientific-technical progress in all sectors of the national economy.

During the current year 21.3 billion rubles is being allocated to finance science. In light of the resolutions of the 25th party congress and the November 1979 Plenum of the CPSU Central Committee, the USSR State Committee for Science and Technology, the Academy of Sciences USSR, the ministries, departments, and leaders of scientific research organizations must concentrate this substantial amount of money in the key sectors of national economic development and solve the problems of building and introducing the latest machinery and production technology even better.

The budget envisions necessary appropriations to expand and strengthen foreign economic ties. Multifaceted economic cooperation between the Soviet State and the fraternal socialist countries will develop further, while economic links and business contacts with the developing countries will expand and mutually advantageous economic cooperation with the capitalist countries on an equal footing will continue.

The USSR State Budget is a budget of peace and creative work. It expresses the peace-loving Leninist foreign policy of the Communist Party and Soviet Government, whose objective is peace and a steady rise in the well-being of Soviet people. The peaceful orientation of the new budget is indisputably shown by the fact, as can be seen from figures and indexes, that it contains a planned decrease in expenditures for defense as well as a significant increase in appropriations for development of the economy and fuller satisfaction of the social and cultural needs of the people.

Following the Program of Peace proclaimed by the 24th Congress and elaborated by the 25th Congress of the CPSU, the Soviet Union and the other socialist countries resolutely and consistently direct their efforts to stopping the arms race, making the process of detente irreversible, and insuring peaceful conditions for building communism. The historic peace initiative of the Soviet Union advanced by L. I. Brezhnev in his speech in Berlin on the occasion of the 30th anniversary of the German Democratic Republic is the outstanding event of recent times, an event of true world importance. The constructive new Soviet proposals are one more vivid indication of the enormous work which our party, state, and L. I. Brezhnev personally carry on tirelessly on behalf of peace and social progress in the world. The Soviet Union has again shown an example of good will, a sincere desire, and a real possibility of significantly alleviating international tension, undertaking real disarmament, and preserving and multiplying the fruits of detente and peaceful cooperation.

But the forces who want to stop the process of detente continue to be active in the world. Under the fabricated and false pretext of a "Soviet military threat" and flaunting the will of their peoples, the aggressive imperialist circles of NATO build up armaments without restraint, expand military expenditures, and through their legislative bodies operate enormous military budgets that increase year after year.

Under these conditions the Communist Party and Soviet Government, while continuing to work consistently and tirelessly for a stable peace, are constantly taking care to strengthen and improve the defense of our country. In 1980 appropriations for defense are set at 17.1 billion rubles. This is six percent of all budget expenditures.

The Communist Party and government are doing everything necessary to guarantee uninterrupted growth in the material and cultural standard of living of the Soviet people and to guarantee comprehensive development of the individual. Constant attention is devoted to comprehensively strengthening the material base for raising public well-being and building up the country's economic potential on the basis of the socialist national economy, which is developing dynamically at a high, stable rate.

The plan for 1980 envisions a set of steps to insure a further rise in the efficiency of public production and quality of work, acceleration of scientific-technical progress and rise in the leading sectors, and improvement in the proportionality of economic development. Taking these steps will make it possible to increase the rate of building communism and establish a sound foundation for successful completion of the five-year plan and continued fruitful work in the upcoming 11th Five-Year Plan. A significant increase in the absolute growth of national income and industrial and agricultural output is planned for the current year. National income used for consumption and savings will rise by 17 billion rubles or four percent in the year.

The plan of economic and social development attaches great importance to continuing to build up the country's industrial potential. The volume of industrial production will increase by 4.5 percent. Total investment in industry will reach 157.6 billion rubles, which is 7.5 percent more than the figure ratified in last year's plan.

Steps have been outlined to insure steady development of heavy industry, the foundation of the country's economic might. The energy sector is to develop at an accelerated rate with strengthening of the material-technical base and enlargement of the capacities of the fuel and energy complex and improvement in its structure. This will permit us to more fully satisfy the country's growing needs for coal, oil, gas, and electricity. Significant capital is being allocated for the development of those industrial sectors which determine technical progress in the economy, that is, ferrous and nonferrous

metallurgy, chemistry, and several others. There will be accelerated development of machine building, which plays a key role in technical re-equipping of the national economy. Appropriations for the development of heavy industry will rise by 7.8 percent to 129.4 billion rubles.

In accordance with party goals work will continue on the broad program to raise the group B industrial sectors. An appropriation of 28.2 billion rubles is envisioned for this purpose, which is an increase of 6.1 percent. The appropriate ministries and departments who are responsible for the production of consumer goods must immediately take care of the shortcomings in their production which were pointed out by the November Plenum of the CPSU Central Committee. The capital allocated in the plan and budget must be directed to all-out expansion of the assortment of goods produced and improvements in their quality.

The plan gives a significant place in insuring high rates of production and increasing its efficiency to material stimulation, a proven lever of socialist economic activity. From profit and other sources 30.6 billion rubles is being directed to economic stimulation funds for sectors of the national economy; this includes 11.8 billion rubles for material incentives, 4.3 billion rubles for sociocultural measures and housing construction, and 10.4 billion rubles for the production development fund. The ministries, departments, and enterprise managers must use this significant capital to encourage and stimulate truly progressive forms and methods of work, improve labor organization, and raise production efficiency and the quality of output.

At the session of the USSR Supreme Soviet the statements by the deputies gave a thorough review of practical ways to carry out the instructions of the Plenum of the CPSU Central Committee concerning stepping up the rate of increase in production efficiency and work quality and the utilization of existing reserves in production capacities, fuel-energy resources, and raw and processed materials. Special attention was drawn to the need to take decisive steps to increase the growth rate of labor productivity. According to the plan it should increase 3.8 percent in industry and provide 85 percent of the total annual increase in output. There is every reason to believe that the ministries and enterprises subordinate to them, having realistic opportunities to do so, will not only fulfill this crucial national economic assignment but surpass it, and this will make it possible to get more output and goods for the population from existing fixed capital and to increase state income.

Various industrial ministries, among them the ministries of Heavy and Transport Machine Building, Ferrous Metallurgy, and Light Industry have been able to increase production recently primarily through raising labor productivity, that is, with virtually no increase in the number of employees. There are still, however, many enterprises which are behind plan assignments for this index. Such enterprises

are particularly numerous in the ministries of Pulp and Paper Industry, Coal Industry, and Timber and Wood Processing Industry. The ministries and enterprise managers are not making use of large existing reserves for raising labor productivity on the basis of mechanization and automation of jobs, reducing manual labor, and eliminating time losses within shifts. A truly thrifty, proprietary attitude toward working time has not been attained everywhere yet, which is shown by instances of violation of plan, labor, and industrial discipline and production rhythm. Some ministries do not provide the necessary support and attention for progressive methods of labor organization that have proven themselves and provide significant economic impacts, for example the Shchekino method, brigade economic accountability, and the progressive practices of the AvtoVAZ [Volga Automotive Plant] Association.

As the CPSU Central Committee and USSR Council of Ministers demand, we must establish appropriate conditions at enterprises for optimally efficient use of labor resources, insuring precise and efficient organization of production, and fulfilling plans and socialist obligations for raising labor productivity.

Improving the quality of industrial output is a major reserve. Certain ministries and enterprise collectives have done quite well in this. In numerous cases, however, products that do not meet consumer and production standards are still being produced. The production of obsolete equipment is very expensive to the state and increases the consumption of metal. As observed at the Plenum of the CPSU Central Committee, the equipment being produced today is often too material- and energy-intensive, which hampers attainment of an important state objective: maximum economy of metal, fuel, and energy. The Plenum of the CPSU Central Committee demanded that decisive steps be taken to eliminate such occurrences. The USSR ministries and departments and councils of ministers of the Union republics have been assigned to intensify the concentration of forces and resources in the decisive sectors of technical progress, take timely steps at each enterprise to improve the quality of output, and take operational steps to expand the production of highly economical and efficient machinery and stop the production of outdated machines, equipment, and mechanisms.

Work to insure fulfillment of the 1980 plan and budget should focus attention on questions of maximum economy, efficient use of raw and processed materials and fuel-energy resources, and consistent implementation of rigorous economy measures. Effective, comprehensive steps must be taken in every production section, at every enterprise, and every work position in industry and the other economic sectors.

The plan establishes an assignment for further savings of state material resources. Fulfillment of this assignment will make it



possible to reduce the prime cost of industrial output this year and receive an additional profit totaling about 2 billion rubles. The ministries, departments, and councils of ministers of the Union republics should eliminate losses and unproductive expenditures and insure real savings of materials.

Accelerating the rate of turnover of commodity-material assets in the national economy has an important place among measures to raise production efficiency. The ministries and departments have a concrete plan for drawing above-norm and excess stocks of material assets into economic circulation in 1976-1980. Some ministries, however, are not fulfilling the assignments established for them. The plan and budget envision an acceleration of the turnover of working capital in the national economy and drawing in more than 1 billion rubles worth of commodity-material assets for use in the economy.

In conformity with the production volumes envisioned for the year in economic sectors the norm of enterprises' own working capital has been set at 141.7 billion rubles. The norm will increase by 5.3 billion rubles and insure normal operations by enterprises and organizations. USSR ministries and departments and the councils of ministers of the Union republics will have to take practical steps to fulfill assignments related to accelerating the turnover of commodity-material assets and insure that the working capital allocated by the state is preserved and used efficiently at the enterprises.

The ratified plan of economic and social development envisions faster development of railroad transportation. Appropriations for this will rise to 8.7 billion rubles, an 8.5 percent increase. This will make it possible to greatly improve transportation equipment, expand the railroad networks, and increase the traffic capacities of the railroads. The CPSU Central Committee and the government are showing constant concern for continued development and improvement of the work of railroad transportation, which is vitally important to the national economy. During the five-year plan railroad transportation has received considerable material-technical aid and 20 percent supplements have been instituted to pay rates for employees on 11 roads. In addition, supplementary wage benefits have been envisioned for employees of the industrial enterprises of the Ministry of Railroads system.

At the same time, as was pointed out at the Plenum of the CPSU Central Committee, significant shortcomings continue to occur in the work of railroad transportation and reserves and opportunities for meeting the needs of the economy for shipping important freight on time are not being used fully. Guided by these instructions, the Ministry of Railroads must develop and implement steps that insure better work and an improvement in passenger and freight traffic.



The Communist Party is putting full energy into implementation of its agrarian policy. The primary objective of this policy is to provide the country with a reliable supply of food and agricultural raw materials and steadily raise public well-being. About 400 billion rubles has been invested in agriculture in the last three five-year plans alone to meet this challenge. Following the resolutions of the 25th party congress and the July 1978 Plenum of the CPSU Central Committee, the plan for this year envisions continued steps toward broad intensification of agricultural production. The appropriation for development of this sector is 50.9 billion rubles, six percent more than in 1979.

The volume of state capital investment for expenditures to broaden agricultural production and build housing and cultural-domestic facilities in the countryside is 25 billion rubles. In addition to this, kolkhozes will spend 11.9 billion rubles of their own capital and bank credit for capital construction. The commodity turnover of organizations of the USSR State Committee for Production-Technical Support of Agriculture will increase by five percent to 23.4 billion rubles. The plan and budget attach great importance to land reclamation, which insures high, stable yields. The appropriation for this purpose is 9.9 billion rubles; 756,000 hectares of irrigated land and 849,000 hectares of drained land will be put into use.

An important step in agricultural development is the planned transformation of the Non-Chernozem Zone of the RSFSR, which the party intends to convert to a region of highly productive crop farming and animal husbandry. The appropriation for steps to increase agriculture production in this zone is 9.4 billion rubles.

The profit of sovkhoses and other state agricultural enterprises has been determined to be 3.9 billion rubles, and almost all of it will be left for their own needs. The sovkhoses also have financial reserves of 2.2 billion rubles at their disposal.

The USSR Ministry of Agriculture and its local agencies are expected, guided by party decisions, to intensify organizational work to improve the agricultural economy, raise its efficiency, improve the quality of agricultural output, reduce losses, and insure more efficient use of the large amounts of capital being allocated by the state.

Large amounts of capital are being invested to insure a high rate of expanded socialist reproduction. The total volume of this capital investment in the national economy was more than 500 billion rubles in the first four years of the five-year plan. During this period fixed productive capital in the country increased by 273 billion rubles and about 1,000 large new industrial enterprises were launched.

To finance the volume of state capital investment envisioned by the plan in 1980, 119.1 billion rubles is being allocated. These resources are distributed as follows (see table below).

	1980 (Bil- lions of Rubles	Per- centage
Appropriations from the Budget	49.7	41.7
Depreciation Deductions	32.7	27.4
Profit	7.4	6.2
Capital in Production Development Fund	8.3	7.0
Savings from Price Reductions for Equipment	1.3	1.1
Mobilization of Internal Reserves in Construction	2.5	2.1
Long-Term Bank Credit	6.3	5.3

The plan envisions faster growth in work volume at key start-up projects and construction sites of railroad transportation, the petroleum and gas industry, ferrous and nonferrous metallurgy, electrical energy, and the chemical, coal, light, and food industries. At the same time work to reconstruct and technically re-equip existing industrial enterprises with modern highly productive equipment is envisioned. This will make it possible to find more effective solutions to the problems of increasing the production of new products with smaller capital expenditures, minimal costs, and more significant final national economic results. The plan envisions supplying 46 billion rubles worth of machinery and equipment to the national economy. This is 3.3 billion rubles more than last year.

The 25th CPSU Congress demanded a radical improvement in the organization of construction work and intensification of the concentration of personnel and equipment in capital construction to insure timely introduction of production capacities and fixed capital. Many construction organizations, using progressive labor methods successfully, are making noteworthy advances in raising the efficiency of their work. The significant work done in this direction in various cities and oblasts of the country was noted at the session of the USSR Supreme Soviet.

At the same time, work to eliminate existing shortcomings in capital construction is going slowly. The actual situation in this important sector has been subjected to serious criticism. Many ministries, departments, Union republics, and oblasts do not concentrate adequate capital at start-up projects, but rather continue to spread resources too thinly and drag out construction time. As a result, above-plan volumes of incomplete (carryover) construction continue to grow. Significant above-norm stocks of domestic and imported equipment have accumulated at the construction sites of various ministries because of serious flaws in the organization of construction and dispersion of capital. The plan and budget envision drawing uninstalled equipment

worth 2.2 billion rubles into economic circulation. Performance of this assignment depends first of all on improving the organization of work at construction sites of the USSR ministries of Chemical Industry, Petroleum Industry, Ferrous Metallurgy, and Petrochemical Industry, as well as a few other ministries which have particularly large stocks of equipment.

The Plenum of the CPSU Central Committee posed the task of raising the efficiency of capital investment, reducing the number of new construction starts, and maximizing the completion of start-up projects and introduction of capacities. The USSR Council of Ministers has outlined concrete steps to insure a rise in the efficiency in capital investment. The USSR ministries and departments and the councils of ministers of Union republics are expected to keep the number of new production construction starts to a minimum in 1980, with the exception of installations for the production of consumer goods. It is expected that new construction sites will be included in the plan only when all possibilities of using similar existing production capacities have been exhausted, while carryover projects are fully supplied with capital investment and essential conditions exist for constructing the new projects in conformity with established norms for length of construction. USSR Stroybank and USSR Gosbank have been commissioned to finance new construction projects only when these requirements are met.

The plan and budget envision a decrease in the prime cost of construction and installation work and a profit of 6.7 billion rubles in construction. The construction ministries and managers of contracting organizations must develop and implement concrete steps to fulfill the plans for profit and budget obligations.

The CPSU Central Committee and USSR Council of Ministers, showing their unwavering concern for raising the efficiency of capital investment, have taken additional steps to secure cadres in construction and improve their training. The brigade contract and progressive forms of wages will be used broadly at construction sites and vocational training for construction workers is to be intensified.

Fulfillment of plans for socioeconomic development is inseparably linked to consistent and persistent implementation of party and government decisions on comprehensive improvements of administration. The party considers improving economic management to be an important reserve in raising the efficiency of production and quality of work.

Major steps have been taken during the 10th Five-Year Plan to improve economic management. Master plans of sectorial administration have been developed and introduced in 35 ministries and the transition to two and three level systems of management based on the formation of economic associations is being made. As a result production concentration has increased and the specialization of and cooperation among

enterprises has intensified. In 1976-1979 the budget received a savings of 4 billion rubles from reductions in administrative expenditures in the national economy; for the entire five-year plan including this year's assignment the figure will be 5.1 billion rubles. This amount will be used to finance economic development.

The CPSU Central Committee decree entitled "Further Improvement of the Economic Mechanism and the Tasks of Party and State Agencies" and the decree of the CPSU Central Committee and USSR Council of Ministers entitled "Improving Planning and Intensifying the Impact of the Economic Mechanism on Raising Production Efficiency and Work Quality" are enormously important for the dynamic socioeconomic development of the country and raising the efficiency of public production.

These documents orient all management and planning activity to achieving high final national economic results. They orient the national economy to broad introduction of scientific-technical advances and progressive practices and to insuring thrifty economic management and optimally efficient use of all our potential and resources.

The CPSU Central Committee and the government have obliged the ministries, departments, and enterprise managers to undertake substantial organizational and political work to eliminate existing shortcomings, strive hard for steadily improving results, and make fuller use of reserves for planned realization of the key challenge of our day: raising efficiency and quality in all sectors of economic and cultural building.

The Communist Party demands that the managers of ministries, departments, enterprises, organizations, and construction sites improve their style and methods of work, strengthen organization and teamwork among all elements of the economy, steadily bolster labor discipline and order in production, and make cadres more accountable for fulfillment of plan assignments and contract obligations.

Financial agencies and bank institutions have important jobs in carrying out the decisions of the Plenum of the CPSU Central Committee and the session of the USSR Supreme Soviet. They must intensify their influence on the results of enterprise and organization work and establish checks on full mobilization of reserves in sectors of the national economy and absolute compliance with strictest economy measures in the use of state capital.

The plan and budget for 1980 complete the 10th Five-Year Plan of the Soviet Union. "The 1980 plan assignments," L. I. Brezhnev has said, "are not simple. But they must be fulfilled and surpassed."\*

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\* KOMMUNIST 1979, No 17, p 18.



Responding to the party appeal, Soviet people have undertaken broad socialist competition to raise the economy, science, and culture. They are adopting tough counterplans and are resolved to make the last year of the five-year plan a year of shock labor, a year of Lenin-style work. Our country is about to celebrate a portentous event, the 110th anniversary of the birth of V. I. Lenin. There is no doubt that the Soviet people, guided and inspired by the Communist Party, will celebrate the Lenin anniversary in a worthy manner, moving confidently forward to new frontiers in building communism.

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## INVESTMENT, PRICES, BUDGET, AND FINANCE

### ECONOMISTS ANALYZE FUNCTION OF PLANNED PRICES

#### Object of Economic Management

Moscow EKONOMICHESKIYE NAUKI in Russian No 2, Feb 80 pp 70-76

[Article by A. Yezhov, candidate of economic sciences]

[Text] Increasing the efficiency of social production, as has been noted at the 25th CPSU Congress, in the decisions of subsequent plenums of the CPSU Central Committee and in a number of other party documents, necessitates more efficient use of economic incentives and instruments, a group that includes planned prices.<sup>1</sup> The effectiveness of prices is largely determined by the functioning of the system of planned management of price setting (SPUTs). This system embraces three principal interconnected elements: 1) the object of management--the planned price in its specific forms; 2) the subjects of management--price-setting authorities; 3) the economic mechanism through which the subjects of management exercise their influence on the object being managed. It is clear that the planned price plays a passive role in this system. The subjects of management on the other hand--authorities which set prices--have an active role in the process of management. Using the mechanism for management of prices, i.e., the connecting link between the subjects and the object, they gather and process price-setting information; plan, adopt and punctually amend current prices; and monitor their proper use.

The decisive element in the SPUTs is the object of management. For example, an object of management such as the price of consumer services presupposes that there exists a relatively decentralized system for management of price setting, since there are more than 150 subjects of management in the consumer service sector.<sup>2</sup> In the industrial sector the management of prices is more centralized because of the specific nature of the wholesale price. It follows from this role of the price that the road toward discovering the optimum structure of the subjects of management and the pattern in which that management mechanism functions and toward selection of the technical means of its accomplishment leads through the study of the structure, content, inherent attributes and patterns of development of the object of management.

## The Price as the Object of Management

On the surface of things management of prices comes down basically to planning, adopting, punctually amending prices and constantly monitoring adherence to state price discipline. But the researcher can hardly perform his tasks by relying solely on this obvious aspect. It would seem advisable to examine price management in the broad sense and in the strict sense. In the former case we are talking about the overall consistency in the system of planned prices. The second approach is oriented toward the conduct of price operations pertaining to a particular product taken separately. In the present context of the orientation of the national economic mechanism toward the final results, price management in the broad sense is taking on especial importance. To be specific, it is in this aspect that the primacy of the interests of society over group and personal interests becomes evident. But the management of prices in the broad sense cannot be viewed in isolation. It seems to us that this is possible only if price management in the strict sense is mastered and uniform basic approaches to price balancing are worked out. In this case importance is not confined to changes in their quantitative characteristics. As a rule the interests of consumers and producers of a particular product diverge: the former are interested in lower prices and the latter in higher prices. The optimum solution at this level will obviously be to set a price that is equally advantageous. It is not absolutely necessary that the latter balance supply and demand, as certain economists suppose,<sup>3</sup> though in certain cases the setting of a "balancing" price is not excluded or is even indispensable. To answer the question of the kind of price that should be adopted at this level of management we must study the processes basic to the establishment and amendment of the quantitative characteristics of prices, i.e., we must turn to the process of the genetic development of the planned price and of its interaction with the economic environment. Thus it turns out not to be so much a matter even of the quantitative characteristics of the price (its upward or downward movement) as of the qualitative processes embodying the most efficient use of the attributes and functions inherent in a given type of prices. And this means that the road to adopting economically sound prices leads through an understanding of the nature of the planned price's inherent attributes and functions.

### Conceptions of the Planned Price's Functions

There is no unambiguous answer in the economics literature to the question of the nature of the functions which the planned price is supposed to perform. That accounts for the lack of clarity in the definition of a number of those functions.

Some economists suppose that the planned price (by contrast with the price under capitalism) performs one and only one function--recordkeeping.<sup>4</sup> I. S. Malyshev is most categorical on this point. "In much the same way as a thermometer is supposed to serve one strictly defined purpose--to accurately show the temperature," he has written, "so the price in a socialist economy

has one task--that of expressing social labor and thereby making it possible for society to record labor expenditures and the results of those expenditures."<sup>5</sup> Another group of economists (primarily mathematical economists and also adherents of the so-called theory of "optimum prices") see the basic (and, in essence, only) function of the price to be the regulating function or the function of balancing commodity supply and demand.<sup>6</sup> For example, N. Petrakov had written, that "since the price is supposed to act as a bridge connecting the producer and consumer with one another, only the price level at which balance is established between supply and demand can be regarded as the normal price level."<sup>7</sup> Moreover, the optimum (normal) price level would be determined as follows: "If we know the volume of effective demand for a given commodity and the production capacities of enterprises manufacturing it, then in principle we can always select the price that balances supply and demand."<sup>8</sup>

In our view to acknowledge the planned price's ability to perform only some one function impoverishes its internal content, diminishes the price's role as an economic lever for exerting pressure on socialist reproduction. This position is not confirmed by experience in the setting of planned prices.<sup>9</sup>

One also encounters the other extreme in the economics literature: the planned price is given an inordinately large number of functions and is thereby portrayed as some kind of universal and all-powerful economic instrument. "Under the conditions of socialism," the authors of a series of lectures on political economy write, "the functions of prices are as follows: recording expenditures of social labor and stimulation of labor economy; realizing the value of commodities and distributing the newly created value; facilitating the distribution of social labor among production sectors and regions of the country; stimulating an increase in the volume of output and technical progress; strengthening cost accounting and forming the necessary pattern of productive and personal consumption."<sup>10</sup> Assertions of this kind are not supported by the relevant scientific work and have rightly been criticized.<sup>11</sup>

A majority of economists at the present time agree that the planned price performs four functions: an accounting function; an incentive function; a distributive function; and the function of balancing supply and demand. Incidentally, there has been practically no specific research on these functions; we must second, then, the remark that the questions related to the functions of the planned price and their nature "require more thorough scientific work and argumentation."<sup>12</sup>

We should first of all clarify what we mean by the function of a price. In our view it is an external manifestation (form) of the internal attributes objectively inherent in a price. Here the terms "attribute" and "function" of the price are correlative to "content" and "form," and therefore an understanding of a price's function presupposes an understanding of its attributes.



## Attributes of the Planned Price

The attributes of the planned price have not so far been treated in the economics literature. It seems to us that a study of this problem must begin with an analysis of the available definitions of "attribute" in general so as to identify the generic criteria of this term which should be applied in formulating the attribute of the planned price.

Definitions of "attribute" in general are not completely the same; nevertheless, a number of common criteria are quite definitely detected, and there are a number of basic and generic principles that fit together:<sup>13</sup>

- 1) the attribute is a qualitative aspect (feature), ability of an object, thing, phenomenon;
- 2) the sum total of attributes qualitatively likens objects, things and phenomena to one another or distinguishes them from one another;
- 3) every object, thing, phenomenon possesses a set of attributes;
- 4) attributes are objectively inherent in objects, things and phenomenon.

We can conclude, then, that the attribute is the qualitative determinacy of an aspect of an object, thing or phenomenon by virtue of which, the sum total of the attributes being taken into account, they are those given objects, things and phenomena and not other ones and qualitatively differ from other ones. The attribute of the planned price is the determinacy of any of its aspects (facets) which qualitatively distinguishes one of the price's attributes from another and the planned price from other economic categories.

The sum total of the qualitative determinacies of the planned price comprises its quality, which characterizes it as a whole; the quality of the planned price is expressed in the entire sum total of its attributes and makes it stable as an economic category.

The term "attribute of the price" also includes the quantitative aspect. From this standpoint the attribute is the quantitative determinacy of any aspect of the planned price, characterizing the mobility of the particular facets of this category and specifically manifested in the number of attributes inherent in the price and in its magnitude.

The qualitative and quantitative determinacies of the price are inseparable, and taken together they constitute the measure of the price, and in this sense the price can be defined as a qualitative magnitude or quantitatively definite quality.

The well-known definition of the price offered by K. Marx will serve as a vivid example of expression of the unity of quality and quantity (i.e., the measure) of the price: "Taken by itself, the price," he wrote, "is nothing other than the money expression of value."<sup>14</sup> The first part of this formula ("money expression") indicates the qualitative determinacy of this category, while the second ("expression of value")<sup>15</sup> indicates its basis, quantitative determinacy. A change in the conceptual content of either

part results in a breakdown of the measure of the price. For instance, a change in the second part of the formula of the price, the "expression of value," destroys the measure of the price, and the latter "is transformed" into the production cost, and so on.

It follows from what we have said that the price possesses four basic attributes: the ability to interact with the economic environment; elasticity; the ability to express socially necessary labor expenditures; and the ability to diverge from the socially necessary expenditures of labor.

The ability to interact with the economic environment, it seems to us, is a universal attribute of all economic categories, an attribute that likens them to one another, that makes them mobile and dynamic within the confines of a given mode of production. This attribute, which unites the price with all other economic phenomena, imparts to it the ability to exert an influence on those other economic phenomena. "Interaction" is the fundamental attribute of the planned price, grows up out of the very depths of its essence and runs through all its levels: essence, content and form. As one ascends from the essence of the price to its form, this attribute is manifested to an ever degree, since the number of communication channels between the price and the economic environment increases. This attribute transforms the planned price into a mobile economic instrument for exerting an impact on the socialist economy, presupposes that definite channels exist to convey that influence, and gives rise to the need and possibility of managing the process of the price's interaction with the economic environment by means of an appropriate mechanism.

The exceptional mobility of the internal connections comprising the planned price's "economic tissue" is the basis of its elasticity. Elasticity has to do with the price's dynamic capabilities, its "softness," its shock-absorbing ability in the process of interaction with the economic environment, its ability to "readjust on the run." This attribute also grows up out of the depths of the essence of the price and imbues all its "stages," content and form.

As we move from the essence of the price to its form, the internal connections become more rigid, and consequently the elasticity is manifested to a lesser degree. The attribute of the elasticity of the planned price develops in direct proportion to the strengthening of directly social relations, which are more mobile and afford more contact and communication than market relations. Elasticity of the price imposes higher requirements on the mechanism for management of the process of the price's interaction with the economic environment.

One of the most important attributes of the planned price is its ability to express socially necessary expenditures of labor. This characterizes the price as an economic form which has its own specific content and is definable by that content. As directly social relations extend more broadly and become stronger in the economic organism of mature socialist society, the

relations between the price and its value base are strengthened, i.e., this attribute of the price develops. The convergence of planned prices toward socially necessary labor expenditures is indicative of the progressive process of a transformation of the planned price, as the money expression of value, into a planned economic evaluation of expenditures of directly social labor.

At the same time the planned price also possesses the attribute of diverging from the socially necessary expenditures of labor, which characterizes it as an economic form that in relative terms is not dependent on its content (but distinct from it). The basis of this attribute is the sum total of "forces of repulsion," by virtue of which the price is able within certain limits to travel along its own "orbit" independently of the value base.

All the attributes of the planned price are closely interconnected. For instance, its interaction with the economic environment is possible only thanks to its internal elasticity as a mobile economic substance. The very process of this interaction takes place through the price's reflection of its value base and upward or downward deviation from the latter. Elasticity facilitates the process of the price's interaction with other aspects of the economy. The price's ability to express the socially necessary expenditures of labor is also one of the moments of its interaction with the economic world. At the same time this ability can be accomplished thanks to the price's elasticity. The price's expression of socially necessary expenditures of labor is at the same time a special case, moment, of its divergence from those expenditures. The autonomous movement of the price is a process of its active interaction with other economic formations. The price's departure from its value base is in turn but a special case of the price's expression of value.

"... The attributes of a given thing do not arise out of its relation to other things," K. Marx noted, "but are only observed in that relation...."<sup>16</sup> Accordingly, the attributes of the planned price are manifested only in movement, in its interaction with other economic phenomena. As a function of the character of that movement, of the type of interaction, of the type of economic phenomena interacting with the planned price, its attributes are manifested in different ways. The various types of planned prices (wholesale prices, retail prices, prices of services, kolkhoz market prices, prices in foreign trade, etc.) function under different economic conditions defined by the specific nature of the relevant sector of the economy. For example, the attribute of expressing socially necessary expenditures of labor is fully manifested in wholesale prices, whereas the ability to diverge from socially necessary expenditures of labor is manifested in the prices of the kolkhoz market.

Clarifying the question of the attributes of the planned price makes it easier to make the transition to the question of its functions.

## Functions of the Planned Price

The term "function" signifies: a dependent phenomenon; a variable, dependent quantity; an external manifestation of the attributes of some object.<sup>17</sup> These generic features of the term "function" should obviously be the points of departure in defining the essence of the function of the planned price. The function of the price in the strict sense, it seems to us, can be defined as the external manifestation of its internal attributes.

As a concept a function has its qualitative and quantitative aspects, which in actual reality are inseparable, but in economic analysis they can be studied separately as relatively detached parts of a unified whole.

The function of the planned price from the qualitative standpoint may be viewed from various standpoints. In its essential aspect it constitutes a mode of existence of the qualitative determinacy of the price; with respect to content it constitutes a mode of existence of an attribute of the price characterizing the interaction between the price's attribute and the external (relative to it) economic world. From the quantitative standpoint the function of the planned price should also be examined from various standpoints. As to essence, we believe it to be a mode of manifestation of the quantitative determinacy of the price; from the standpoint of content it is an indicator of the stability of a price's attribute. Enhancement of the role of one or the other function of the price is a consequence of an increase in the degree of stability of the relevant attribute. The latter in turn is the result of greater concentration and strength of the relations determining the particular facet of the price.

Viewed as the unity of its qualitative and quantitative aspects, the function of the planned price is in our view a mode of manifestation of the quintessential relations comprising the particular facet of the planned price (essential aspect) or a form of manifestation of the price's attribute (from the standpoint of content).

The planned price's functions are performed by means of its interaction with the economic environment.

In our view it is legitimate to conclude that the planned price performs the following basic functions: an instrument for raising the standard of living of all the workers;<sup>18</sup> an instrument in national economic planning; a means of keeping a record of social labor; a stimulator of scientific-technical progress; an instrument in the distribution and redistribution of the national income and money and labor resources; a tool for balancing production and consumption, the income and expenditures of the workers and commodity demand and supply; and a means of monitoring the use of social labor.

The functions of the instrument for raising the standard of living of the workers and the national economic planning instrument are specific functions



of the planned price. They result from the public form of ownership of the means of production, they rise up out of the very depths of the essence of the planned price, and they are oriented toward realization of the basic economic law of a communist formation.

The recordkeeping function takes on particularly great importance in the context of public ownership of the means of production, since the price then figures as a means of keeping records of directly social labor in money form. The need to stimulate these expenditures in the direction of satisfying the needs of society, above all those of them which have the greatest priority, is met by the price's performance of its stimulative function. The planned price's performance of the distributive and redistributive function affords the possibility of distributing and redistributing expenditures of social labor in accordance with the changing pattern of social needs.

As expenditures of social labor are recorded, stimulated and optimally distributed and redistributed through the price mechanism, it is not always possible to achieve quantitative balance between labor expenditures and the social need for them. To some degree the quantitative disproportions arising therefore can be smoothed out through performance of the planned price's balancing function.

In performing all these functions the price acts as a control indicator that gives readings on the movement of social labor.

The functions of the planned price are not manifested in "pure" form, but act "in concert," in an integrated manner. Moreover, each of them bears a definite imprint of the effect of the other functions.

In our view these are the primary functions of the planned price. It would seem that we should not exclude from the planned price other functions referred to as secondary, tertiary, and so on, representing on the surface of things secondary and tertiary attributes of the planned price.<sup>19</sup>

#### Mutual Correspondence Between the Attributes and Functions of the Planned Price

The attributes and functions of the planned price are organically interrelated and hierarchically cosubordinate. They are related in this manner: essence--phenomenon; content--form; cause--effect. There must be a mutual correspondence between the functions and attributes of the planned price: to each function of the price there must correspond one (as a minimum) or several attributes, and conversely, every attribute of the price may (on the surface of things) figure in the form of one or several functions. No attribute of the planned price, as we have already noted, exists in isolation from every other attribute. They supplement and modify one another. As a consequence every function bears the imprint of every other function and itself exerts a modifying effect on the other functions. What is more,

by virtue of the "effect of interaction" every attribute of the planned price is manifested to one degree or another in each of its functions separately and most fully in all the functions simultaneously. On the other hand every function of the planned price is a form of manifestation of every attribute of the price separately and simultaneously of all its attributes taken in their integrated form. For example, the attribute of the planned price to interact with the economic environment is manifested in all seven of the basic functions of the planned price. But it is manifested more completely in the more dynamic functions of the price such as the stimulative function, the distributive and redistributive function, the balancing function and the monitoring function.

Every function of the planned price, as a relatively independent form, carries a certain socioeconomic load. The relative share of this "social" and "economic" burden differs from function to function. The function of the planned price as a lever for raising the standard of living of the worker carries the greatest social load (as compared to the other functions). The recordkeeping function of the price, on the other hand, has more to do with the economic load than the social load. The difference in the relative shares of the "social" and "economic" in the functions of the planned price also depend on the type of planned price. For instance, the "economic" will be foremost in functions of wholesale prices, while the "social" will be foremost in functions of retail prices and prices of consumer services.

There is no question that the attributes and functions of the planned price need to be studied more thoroughly in the present context. This will make it possible to represent the price more straightforwardly as an object of economic management and to build a more effective mechanism for planned price setting.

#### FOOTNOTES

1. "Materialy XXV s"yezda KPSS" [Proceedings of the 25th CPSU Congress], Moscow, 1976, p 60. Also see: "On Further Improvement of the Economic Mechanism and the Tasks of Party and Government Bodies," decree of the CPSU Central Committee dated 12 July 1979. "On Improving Planning and Increasing the Impact of Economic Instruments on Production Efficiency and the Quality of Performance," decree of the CPSU Central Committee and USSR Council of Ministers dated 12 July 1979, Moscow, 1979, pp 55-57.
2. "Tsena i khozyaystvennyy raschet v sisteme upravleniya sotsialisticheskoy ekonomikoy" [The Price and Cost Accounting in the System of Management of the Socialist Economy], Leningrad, 1975, p 57.
3. For example: Petrakov, N., "Economic Interests and Management of the Economy," NOVYY MIR, No 8, 1970.

4. For example: Malyshev, I. S., "Obshchestvennyy uchet truda i tsena pri sotsializme" [The Social Recording of Labor and the Price Under Socialism], Moscow, 1960, pp 76-77; Sobol', V. A., "Ocherki po vo-prosam balansu narodnogo khozyaystva" [Essays on Aspects of the Balance of the National Economy], Moscow, 1960, p 36; etc.
5. Malyshev, I. S., op. cit., p 77.
6. "Optimal'nost' i tova-no-denezhnyye otnosheniya" [Optimality and Commodity-Money Relations], Moscow, 1969, p 57; Petrakov, N., op. cit., p 180; etc. The basis of the theory of "optimum prices" is the thesis that greater decentralization is needed in the organization of price setting and that prices should be set on the basis of the relation between supply and demand.
7. Petrakov, N., op. cit., pp 179-180.
8. Ibid., p 179.
9. On this point see: Malafeyev, A. N., "Istoriya tsenoobrazovaniya v SSSR (1917-1963 gg.)" [History of Price Setting in the USSR (1917-1963)], Moscow, 1964; and by the same author, "Development of the Price System in the USSR," in the book "Teoriya i metodologiya planovogo tsenoobrazovaniya" [Theory and Methodology of Planned Price Setting], edited by L. M. Kantor, Moscow, 1976, pp 85-106; Komin, A., "Price Setting--An Important Area of Economic Management," VOPROSY EKONOMIKI, No 3, 1974, p 16.
10. "Politicheskaya ekonomiya (kurs lektsiy)" [Political Economy (Series of Lectures)], edited by N. S. Spiridonova, Moscow, 1973, p 539.
11. Specifically: Plotnikov, K. N., and Gusarov, A. S., "Metodika i praktika tsenoobrazovaniya" [Price Setting Methods and Practice], Moscow, 1975, p 9.
12. Allakhverdyan, D., in a review of the book by Plotnikov, K. N., and Gusarov, A. S., "Metodika i praktika tsenoobrazovaniya," in VOPROSY EKONOMIKI, No 5, 1977, p 142.
13. Kondakov, N. I., "Logicheskiy slovar'-spravochnik" [Encyclopedic Dictionary of Logic], 9th edition, Moscow, 1976, p 52; "Entsiklopedicheskiy slovar'" [Encyclopedic Dictionary], editor in chief B. A. Vvedenskiy, Moscow, 1955, Vol 3, p 181; "Tolkovyy slovar' russkogo yazyka" [Unabridged Dictionary of the Russian Language], edited by D. N. Ushakov, Moscow, 1940, Vol IV, p 103; "Filosofskiy slovar'" [Dictionary of Philosophy], 3d edition, edited by M. M. Rozental', Moscow, 1975, p 359.
14. Marx, K., and Engels, F., "Sochineniya" [Works], 2d edition, Vol 16, p 128.

15. The reference is to expression of the value per unit of the commodity.
16. Marx, K., and Engels, F., "Sochineniya," 2d edition, Vol 23, p 67.
17. Kondakov, N. I., op. cit., p 655; "Entsiklopedicheskiy slovar'," Vol 3, p 541; "Tolkovyy slovar' russkogo yazyka," Vol IV, p 1123; "Filosofskiy slovar'," p 448.
18. This function of the planned price was noted for the first time by A. N. Malafeyev (see: Malafeyev, A. N., "Aktual'nyye voprosy tsenobrazovaniya v SSSR" [Current Problems of Price Setting in the USSR], Leningrad, 1974, p 22).
19. These questions deserve specific examination, and we will not touch upon them here.

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#### Economic Nature of the Planned Price

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[Article by A. Kashchenko, professor and doctor of economic sciences, Yaroslavl']

[Text] In our view there are a number of deficiencies at the present time in the study of the complicated and urgent problems of the price and price setting. First, we observe a tendency toward hypertrophy of the price's role in development of the socialist economy. Various authors<sup>1</sup> portray it as a universal mechanism in the hands of the socialist state whereby it can solve practically all the basic problems of economic life. Second, not enough use is made of the systems approach to the analysis of planned prices, and the result is a one-sided treatment of their role, their magnitude and their dynamic behavior. Prices are examined without being linked properly to such economic instruments as credit, finance, net income, wages, and so on. Third, the planned price under socialism is regarded in a number of cases as a "conventional" value category, as the "simple" money expression of the value of commodities.<sup>2</sup> For all the qualifications expressed concerning the new content of value, a logical contradiction arises between acknowledging socialist production to be directly social production and defining the planned price exclusively as a value category.

In studying prices and price setting we should be mindful that abstract prices do not exist, and therefore we cannot speak about patterns of price setting in general regardless of the type of price involved. The history of the socialist economy knows of three basic types of social recognition of expenditures of labor and therefore of their reimbursement: the market (commodity) price, the planned price and the planned (normative) valuation. Each of these forms corresponds to a certain stage of socialist (communist)



socialization of production. The market price is an element of commodity production, the form of the economic relation between separate commodity producers. The planned (normative) valuation corresponds to directly social production, when the separateness of producers is replaced by their association. The planned price combines within itself the elements of the market price and the normative valuation. Its duality results from the character of the economic relations between socialist enterprises: the unification of directly social relations and commodity-money relations, the former having the leading and predominant role over the latter.

The proposition of unification of the two types of relations in the economy of advanced socialism was set forth in the materials of the 24th CPSU Congress: "The party's Central Committee and the Soviet government adopted their premise that the leading and decisive component is planning that has the force of directive and that commodity-money relations can and should be used in the interest of strengthening the planned guidance of the national economy and developing the initiative of enterprises and associations on the principles of cost accounting. Commodity-money relations have a new content with us that is inherent in socialism. Of course, we reject all erroneous conceptions that substitute market regulation for the leading role of centralized state planning."<sup>3</sup>

In understanding the dialectics of the development of the price it is fundamentally important to use such philosophical terms as the "internal" and "external" form and to distinguish between them. It is well known that a new content sooner or later throws off the old form and takes on a new form that corresponds to it. But because the new content and new form are for a time underdeveloped, the old form inherited from the last historical stage of development may be used. In the process of development the old form undergoes "rebirth," is transformed from an internal form to an external form, and finally dies out, though it is still used as before in the terminology adopted previously. In our example, the degree of "rebirth" of the genetically old form--the market price--varies from sphere to sphere of the socialist economy and depends on the level of socialization of the means of production and the thoroughness of coverage of the movement of the products of labor by actual directly social planning.

An analysis of the planned price should first of all reveal the social form of the product whose movement is served by price relations, i.e., reveal the object to which the price pertains. This object depends on the social form of economic organization, which ultimately is determined by the mode of physical production.

Socialist production is in essence directly social. The result of its functioning is the social product, which assumes a new social form, that form usually referred to in our economics literature as the "directly social product." This term reflects the degree of socialist socialization of the means of production and its qualitatively new social nature as the result of the labor of socialist producers. This result belongs to society and is

distributed by society through a network of distributive relations subject to plan.

At the present stage of development of socialism the processes of socialization have still not been altogether completed, and various forms of organization of the economic activity of society persist in the economy: the state and kolkhoz sectors, subsidiary farming of kolkhoz members, the personal subsidiary farms of workers and employees. Production units comprising these forms of economic activity are relatively detached, and that constitutes the basis for the existence of commodity-money relations. But the latter, for all their importance, are a form of economic relations subordinate to directly social relations.

To analyze the content of the price under socialism we must distinguish between commodity production and commodity-money relations. Commodity-money relations is a broader term than commodity production, since they extend beyond the limits of a commodity economic activity in the strict sense. It is quite clear that the nature of the price also depends on the social context and functional mode of commodity-money relations. The planned price is a transitional type of price, since, as we have already said, it combines the traits of the commodity price and the normative valuation. To rephrase Lenin's well-known proposition, we can say that the planned price is and is not a price; it is still a price, but a price which ceases to be a price in the conventional sense, is being transformed more and more from a form of the movement of commodities and to a considerable extent has already become a form of the movement of the directly social product.<sup>4</sup>

The qualitatively new features of the planned price as compared to the market (commodity) price are explained by the peculiarities of its economic foundation.

It is well known that the market price relies on the law of value--the law of equivalent exchange between detached commodity producers in accordance with expenditures of socially necessary work time. Value does not exist outside of exchange value, outside of price relations. V. I. Lenin said that "value is the law of prices, i.e., the generalized expression of the phenomenon of the price."<sup>5</sup> The regulating role of socially necessary labor expenditures, which comprise the content of the law of value, is not observed in and of itself, but through the mechanism of market prices. Under the influence of fluctuations in supply and demand as a result of competitive struggle, average market prices are established at the level of the social value of the commodity, i.e., at an approximately uniform level. The uniformity of market prices of one and the same commodity is the method by which the social character of value is manifested in commodity production.

In a socialist society directly social organization of production and distribution of products is established. Under those conditions market (commodity) prices give way to normative valuation of the expenditures of labor to produce a social use value.

We will examine the principal traits of this valuation of expenditures of labor, taking it in "pure form," detached from commodity-money relations. The economic basis of the normative valuation is the law of directly social production costs as a qualitatively and quantitatively new social form of expenditures of labor. In our economics literature this law has not yet gained recognition even though there are direct references to its existence in the classic writings of Marxism-Leninism.<sup>6</sup> This law should not be confused with the law of value. The latter is the law of the activity of producers who are economically detached in one way or another. But the law of directly social costs of production is the generalized expression of the relations among production units comprising the unified and all-encompassing (obshchenarodnaya) economic system.

Under conditions when the law of value is operative, physical and personal factors of production are combined by passing through the stage of purchase and sale; but under conditions when the law of directly social costs of production is operative, this combination takes place in conformity with plan, in accordance with a plan which society has outlined in advance. In socialist production organized according to plan labor cooperation comes about in the national economy, and in its framework the anarchy of production and competitive struggle are replaced by optimum organization of production and cooperation among all economic units.

The law of value presupposes equivalent exchange between producers at the costs of socially necessary labor, i.e., reimbursement of each producer for his own expenditures of labor, but only those expenditures which correspond to the socially normal conditions of production. Reduction of market prices to those expenditures of labor takes place on the basis of the haphazard fluctuations of supply and demand. Because of this the mechanism of the law of value, taken in its "classical form," includes the competitive struggle, recessions, constant disruptions and temporary establishment of proportions, the destruction of some producers and the enrichment of others.

The dying out of the category of value and its replacement by the category of directly social costs of production does not signify that expenditures of labor have lost their significance and that they cannot be depended upon. K. Marx pointed out that "work time, even when exchange value has been abolished, will always remain the building material of wealth and a measure of the costs required to produce it."<sup>7</sup>

If value expresses the labor embodied in a commodity, then the directly social costs of production are the labor expended in the production of the directly social product to meet the needs of society. The differences between these social forms of the expenditures of labor are fundamental and qualitative in nature and result from the specific nature of social-production relations.

Socialist directly social costs of production, as a new form of social labor, are also characterized by the fact that individual labor does not enter

aggregate labor by byways, but exist directly as an integral part of it. Moreover, the directly social form of labor is its concrete form, its useful peculiarity, and not a generality as is the case in a commodity economy. The social relations among men in directly social socialist production exist in the very process of labor organized according to plan in its concrete form and not in the form of abstract labor, which extinguishes all its concrete forms.

The difference between value and directly social costs of production can also be traced in terms of their magnitude. It is well known that the magnitude of value is determined by average socially normal expenditures of work time. But the magnitude of directly social costs of production is determined by individual expenditures of concrete useful labor performing the role of socially necessary expenditures. By the latter we mean not all individual expenditures of labor, but only those which society recognizes to be normal under the given conditions.

If society finds expedient, for instance, the development of underground minerals at a great depth in one case and at the surface in another, in both cases the expenditures of labor in a given time will be socially necessary. Or take another example. If fabrics are produced at two enterprises with different level of technical equipment, the normal expenditures of labor in both cases will be recognized as socially necessary expenditures. This does not, of course, mean that society should reconcile itself to the technical backwardness of particular enterprises or industries. But since the existence of these enterprises is indispensable to meeting society's need, the expenditure of labor at them has the validity of socially necessary expenditures.

It follows from the very nature of the law of directly social costs of production that society must reimburse every enterprise its planned (normative) individual expenditures, not average social expenditures. K. Marx pointed out that it does not occur to anyone to underpay or overpay enterprises solely because they face unequal economic and natural conditions. The individual character of the social costs of production signifies that the category of the false social value has vanished, socialist society is able to record and monitor with maximum completeness the conditions of production and the actual expenditures of labor at every enterprise.

Since in producing a product which society needs enterprises do in practice face unequal conditions, differentiated normative valuations become necessary. M. P. Osad'ko has written as follows about these norms: "They manifest the directly social character of labor and the high level of socialization in the production process, which make it possible and necessitate strict linkage of all production magnitudes of social production not a posteriori, but in advance. The norm is like an assignment which society gives to a particular unit of social production."<sup>8</sup> A. S. Gusarov spoke aptly, in our opinion, when he noted that the category of directly social labor is the normal expenditures of an enterprise. "This category is normative in



nature. Norms pertaining to expenditures of live and embodied labor are the basis of the normal expenditures of the enterprise."<sup>9</sup>

Thus in directly social socialist production the principle of commodity equivalence is replaced by a new principle--reimbursement of every enterprise for its own planned expenditures of labor. Here it is proper to draw an analogy with remuneration of production workers in a socialist society, where everyone receives from society as much as he has given it, after a deduction to the benefit of society.

Sometimes the differentiated valuation of expenditures of labor in directly social production are disputed on grounds that it supposedly does not give enterprises an incentive to lower production costs. But this overlooks the fact that even a simple comparison of actual costs with the planned norm motivates enterprises in that regard.

In analyzing the social form of expenditures of labor we should take into account radical changes in the mechanism of forming socially necessary production costs by comparison with formation of the social value of a commodity. Under capitalism the social value and market prices of goods of the same kind adjust to one another as a result of competitive struggle within the industry. Competition between industries reduces the value of commodities to the cost of production. In directly social socialist production, as we know, there is no competitive struggle, the relation between supply and demand does not regulate production, individual expenditures of labor receive social recognition through the planned organization of socialist economic activity: the socialist state, relying on objective economic laws, determines the needs of society, the amount and assortment of products to be produced and the necessary expenditures of labor in a planned way.

The problem of measuring expenditures of labor is also solved in a new way in directly social socialist production. It is well known that value cannot be expressed directly in work time. And the reason is not the lack of a refined mathematical apparatus for making such a measurement, but that the value itself is a relation between economically separate producers expressed through the relation of commodities outside of which it does not exist. As for directly social costs of production, they can be measured and are measured in units of work time. The present practice of recording and monitoring the measure of labor and the measure of consumption, reduction of expenditures of labor that are different in the degree of complexity to simple labor by means of the wage rate system, computation of the volume of production in comparable prices, determination of the labor intensiveness of the manufacture of products, and so on--are vivid examples of the fact that measurement of the expenditures of directly social labor does actually take place. The use of accounting money as an instrument for measuring expenditures of labor does not alter the essence of the thing.

A persistent search is being made in the field of economic statistics for a satisfactory method of determining full labor expenditures representing the

sum total of expenditures of live and past labor in all stages of the production processes and for ways of using the materials of the intersector balance of production and distribution to convert value indicators to labor indicators. Though these computations are provisional to some extent, they can be widely applied in analyzing the structure of social production, proportions in the national economy and intersector relations. Of course, in determining the labor intensiveness of products and articles from the standpoint of the national economy, we have no basis for proclaiming this to be the value, since we are dealing with indicators of directly social costs of production.

The planned price, which is an element of the planned organization of the socialist economy at the present time, does not rely, however, on the law of directly social costs of production, but on the law of value, which is interacting with it in the socialist context. The force and depth of the regulating effect of these laws are unequal. The law of directly social costs of production occupies the central place in the regulation of expenditures of labor, whereas the law of value has a relatively restricted sphere of operation.

Interaction of the law of directly social costs of production and the law of value affords the possibility of understanding more thoroughly the economic nature of the planned price in a socialist economy. The planned price cannot be regarded solely as a value category. At the same time it is related to value, since it is a market price and expresses relations among producers (socialist enterprises) which are economically separate from one another in relative terms. But its distinguishing trait is that it is an economic lever of directly social relations.

Under present conditions there is a growing tendency toward ever more complete recording of planned individual conditions of production. This is expressed in differentiation of the wholesale prices of enterprises, the existence of so-called accounting prices in certain industries, and the existence of zonal procurement and delivery prices on farm products. But the principle of reimbursing the individual (socially normal) expenditures of labor cannot be fully implemented in the stage of socialism because of the operation of the law of value and the existence of distribution through the market. This applies above all to retail prices of consumer goods and a portion of the means of production.

The "departure" of the planned price from value and its convergence to normal "individual" socially necessary expenditures of labor is altogether natural. It should not be discredited as a shortcoming of price-setting systems and even less as a product of subjectivism in economic practice. That is why proposals of certain economists concerning "adaptation" of prices to value or to a variety of values are unfortunate.<sup>10</sup> A. Komin is right when he writes that although we are indeed building a system of wholesale prices on the principle of imputed costs, in actual reality we cannot but take into account the specific economic conditions under which enterprises or

industries operate. "Prices correspond to the requirements of raising the efficiency of production and increasing sales, and as a consequence they are aimed at stimulating technical progress and at fulfillment of plans in accordance with the assigned products mix."<sup>11</sup>

The decree of the CPSU Central Committee and Council of Ministers entitled "On Improving Planning and Increasing the Impact of Economic Instruments on Production Efficiency and the Quality of Performance" turns attention to the need for fuller use of premiums and deductions applied to the wholesale price as a function of the quality and other use values of products.

It seems at first that establishment of uniform industrywide prices strengthens the incentive role of the planned price. But this is incorrect, such a price does not take into account the objectively conditioned actual outlays for a product's production and shipment of a substantial portion of enterprises. The experience of introducing differentiated prices also confirms the rightness of determining socially necessary expenditures of labor so as to take into account the real natural and economic conditions which enterprises face.

Use of current accounting prices and financial methods of regulating profitability confirms the legitimacy of the tendency of socially necessary expenditures of labor toward individualization. An expression of this process is to be found in the participation of the financial system in regulating profitability, in establishing individual rates of the turnover tax by commodities, in the draining off of the undistributed remainder of profit, and another are the financial payments, which take into account not only natural conditions of production, but also unequal technical-and-economic conditions.

Determination of directions for improvement of price formation under socialism presupposes that we take into account the fundamentally new social nature of the planned price and of its relation to socially necessary costs of production, whose level reflects the social usefulness of the products of labor in satisfying the needs of society. In this case there is a specific interest in the experience with methods of price setting in which normative parameters are used, this experience having been the subject of lively discussion in the economics literature. They presuppose on the one hand the establishment of a planned norm of material and labor expenditures recognized as permissible for a given enterprise or group of enterprises, and on the other that the use values of a product be taken into account in terms of their principal parameters. Thus the necessary expenditures of labor are compared to the useful benefit of the product, with its ability to meet the needs of society.

The nature of the planned price, the mechanism of setting it, and its functional role indicate that it is a new social type of price. Serving as it does the entire system of directly social relations in production, in exchange and in distribution of products, the planned price is not a simple

instrument of a commodity economy; its role does not come down merely to ensuring the conditions for equivalent exchange. It has an important role to play in the planned recording and distribution of the social product, in implementing the principle of remuneration according to work, in the steady rise of the prosperity of the people, in optimum utilization of economic resources and in solving other problems of a socialist society that is developing along the road to communism.

#### FOOTNOTES

1. For example, L. I. Mayzenberg puts the function of the planned price this way: "Under the conditions of an advanced socialist economy prices, along with other economic instruments, should become an increasingly accurate measure of expenditures of labor and a measure of consumption. They should reflect the socially necessary expenditures involved in developing scientific research in the sectors of material production and in applying the results of that research in technology, in putting natural resources to economic use and in protecting the environment, as well as the socioeconomic consequences of acceleration of scientific-technical progress" (Mayzenberg, L. I., "Problemy tsenobrazovaniya v razvitom sotsialisticheskoy obshchestve" [Problems of Price Setting in an Advanced Socialist Society], Moscow, 1976, p 4).
2. In a meaningful and interesting monograph by Yu. V. Yakovets entitled "The Price in a Planned Economy" the fundamentally new nature of the planned price as a category of a planned socialist economy is revealed. But at the same time it is stated without qualification that "even here the price continues to be a value category, the money expression of the value of commodities" (Yakovets, Yu. V., "Tsena v planovom khozyaystve," Moscow, 1974, p 12).
3. "Materialy XXIV s"yezda KPSS," Moscow, 1971, p 169.
4. N. Shekhet expresses the duality of the planned price this way: the planned price "expresses the value of commodities and is therefore still a price. At the same time it is planned, that is, it is determined in advance, before the goods are purchased and sold and even before they are produced, and in this sense it ceases to be a price and becomes a nonvalue and planned valuation" (Shekhet, N., "Labor as the Material Foundation of Economic Relations," VOPROSY EKONOMIKI, No 2, 1975, p 108).
5. Lenin, V. I., "Polnoye sobraniye sochineniy" [Collected Works], Vol 25, p 46.
6. Marx, K., Engels, F., "Sochineniya" [Works], 2d edition, Vol 23, p 88; Vol 25, Part II, p 386; Vol 46, Part II, p 213; etc.



7. Marx, K., and Engels, F., "Sochineniya," 2d edition, Vol 26, Part III, p 265.
8. Oсад'ko, M. P., "Teoreticheskiye osnovy raspredeleniya chistogo produkta sotsialisticheskogo predpriyatiya" [Theoretical Foundations of the Distribution of the Net Product of the Socialist Enterprise], Moscow, 1975, p 58.
9. "Metod 'Kapitala' i voprosy politekonomii sotsializma" [The Method of Das Kapital and the Issues of the Political Economy of Socialism], Moscow, 1968, p 213.
10. For example, V. D. Belkin and other economists suppose the most rational price in a socialist economy to be that which coincides with value. Only such a price serves as a sufficiently reliable and sound criterion of economic efficiency (Belkin, V. D., "Tseny yedinogo urovnya i ekonomicheskoye izmereniya na ikh osnove" [Uniform-Level Prices and Economic Measurement Based on Them], Moscow, 1963, pp 23-24).
11. Komin, A., "The Problems of Improving Price Setting," PLANOVOYE KHOZYAYSTVO, No 3, 1975, p 15.

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## REGIONAL DEVELOPMENT

### GOSPLAN SESSION EXAMINES SIBERIAN DEVELOPMENT

Moscow PLANOVOYE KHOZYAYSTVO in Russian No 2, Feb 80 pp 123-125

[Unattributed article: "At USSR Gosplan"]

[Text] An expanded session of USSR Gosplan was held on 10 December 1979, at which the growth of and development prospects for the productive resources of Siberia and the Far East were examined, as well as related matters pertaining to extensive utilization of the scientific achievements of the Siberian Department of the USSR Academy of Sciences.

Participants in the USSR Gosplan session included CPSU Central Committee Secretary V. I. Dolgikh, CPSU Central Committee planning and finance agency division chief B. I. Gostev, top officials from USSR ministries, committees and agencies, union republic Gosplans and the USSR Academy of Sciences, top administrators and officials of the USSR Gosplan divisions, organizations under USSR Gosplan, scientific establishments and organizations, the administrative edifice of the CPSU Central Committee and USSR Council of Ministers, and scientists from the Siberian Department of the USSR Academy of Sciences.

USSR Gosplan received reports by N. I. Maslennikov, chairman of RSFSR Gosplan, entitled "Principal Directions of Development of the Productive Resources of Siberia and the Far East during the Period up to 1980," and Academician G. I. Marchuk, entitled "Incorporation of Results of Scientific Research Performed by the Siberian Department of the USSR Academy of Sciences Aimed at Accelerating Growth and Development of the Productive Resources of Siberia and the Far East."

Brief papers were presented by administrative officials of institutes and affiliates of the Siberian Department of the USSR Academy of Sciences: Academician A. A. Trofimuk -- "On Future Research Projects by the Siberian Department of the USSR Academy of Sciences in the Area of Increasing Oil Production in Siberia"; Academician D. K. Belyayev -- "On Future Research Projects of the Siberian Department of the USSR Academy of Sciences in the Area of the Biological Sciences"; Academician L. A. Melent'yev -- "On Areas of Improvement and Methods of Automating Fuel-Energy Complex Planning"; Academician G. K. Boreskov -- "On Future

Research Projects of the Siberian Department of the USSR Academy of Sciences in the Area of the Chemical Sciences"; Academician A. L. Yanshin -- "On Future Supply of Mineral Fertilizers to Siberian Agriculture"; Academician A. N. Skriskiy -- "On Application of Radiation Technology in the Nation's Economy"; Corresponding Member USSR Academy of Sciences Ye. I. Shemyakin -- "On Machinery for the Mining Industry and Construction"; USSR Academy of Sciences Corresponding Members A. S. Alekseyev and N. N. Puzyrev -- "On a Method of Volumetric Dynamic Seismic Prospecting for Complex Geological Environments"; USSR Academy of Sciences Corresponding Member A. S. Isayev -- "The Possibility of Employing Aerospace Methods in Studying the Natural Resources of Siberia"; Academician A. G. Aranbegyan -- "On Increasing the Efficiency of Industrial Production in the Areas of Siberia"; USSR Academy of Sciences Corresponding Member T. I. Zaslavskaya -- "On Social Reserves for Boosting the Pace of Growth and Development of Siberia"; Academician V. A. Koptug -- "On Training and Efficient Utilization of Research-Specialization Personnel." USSR Academy of Sciences Corresponding Member N. V. Cherskiy also presented a paper entitled "Equipment Problems in the North."

The following took part in discussion of the reports and papers: ministers P. S. Neporozhniy (USSR Ministry of Power and Electrification) and N. V. Mal'tsev (Ministry of Petroleum Industry); Academician A. P. Aleksandrov, President of the USSR Academy of Sciences; members of USSR Gosplan. N. K. Baybakov, chairman of USSR Gosplan, summarized the discussion.

In its resolution USSR Gosplan noted the great significance for the nation's economy of future measures specified by RSFSR Gosplan pertaining to resolving major economic problems aimed at speeding up growth and development of the economy in the areas of Siberia and the Far East, and extensive utilization of the results of scientific research conducted by the Siberian Department of the USSR Academy of Sciences. It was also noted that planning agencies, USSR ministries and agencies, and the USSR Academy of Sciences are continuously working on development of the productive resources of this country's eastern regions in light of party and government decisions prompted by L. I. Brezhnev's trip to Siberia and the Far East.

Proposals drafted by RSFSR Gosplan are aimed at the following:

at accelerating growth of industrial potential in this country's eastern regions by priority growth and development of specialized branches, on the basis of tapping the natural resources existing in these areas, resources which are large and economical from the standpoint of conditions of exploitation;

at securing a higher level of efficiency of societal labor in all spheres of production in Siberia and the Far East in comparison with other areas of this republic, on the basis of implementation of an extensive program of scientific and technological progress and strengthening of the role of scientific advances in development of the productive resources of these areas;

at carrying out an aggregate of measures directed toward implementation of a labor-saving policy in the eastern regions and securing acquisition and holding of cadres and boosting the living standard of the population;

at improving territorial organization of the economic complex of Siberia and the Far East on the basis of implementation of interregional and regional comprehensive programs, development of existing and formation of new territorial-production complexes.

Taking into consideration the exchange of views at the USSR Gosplan session, RSFSR Gosplan was instructed, jointly with the USSR ministries and agencies, to complete and refine proposals on development of the economy of Siberia and the Far East for the period up to 1990 and to submit them to USSR Gosplan simultaneously with the USSR draft economic and social development plan for 1981-1985 and for the period up to 1990, focusing particular attention on the following:

substantiation of development of the fuel and energy branches of industry;

substantiation of development of electric power engineering, taking into account growth and development of energy-intensive industries;

intensification of geological prospecting for oil, gas, nonferrous metals and other minerals, especially in the area of the Baikal-Amur Mainline;

improvement of construction and consolidation of the production base of construction organizations, growth and development of the building materials industry;

solving of transport problems;

drafting of a comprehensive program of economic exploitation of the zone adjoining the Baikal-Amur Mainline;

comprehensive growth and development of agriculture in order to expand the regional agricultural base and more fully to meet the needs of the population for agricultural products with local production;

expansion of construction of housing, cultural-service facilities and municipal services, improvement in the living conditions of the population.

The USSR Gosplan divisions have been instructed, jointly with USSR ministries and agencies, to examine RSFSR Gosplan proposals and to specify growth of the corresponding branches and sectors of the economy in the areas of Siberia and the Far East in the draft economic and social



development plan for 1981-1985 and for the period to 1990, guided by the program of elaboration and execution of measures on items specified in L. I. Brezhnev's note based on his visit to Siberia and the Far East and in his recommendations made during this trip, for the period up to 1990, with a more detailed elaboration for 1981-1985.

USSR Gosplan approved the activities of the USSR Academy of Sciences Siberian Department aimed at extensive utilization of scientific and technological potential in accelerating growth and development of the productive resources of Siberia and the Far East. The USSR Gosplan resolution emphasized that the considerable scientific and technological potential amassed in the Siberian Department of the USSR Academy of Sciences, constituting a foundation for creation of modern processes and materials for the machine building, chemical and petrochemical industries, methods of prospecting for and extracting minerals, and completed research on a number of important areas of science require the intensified attention of planning bodies, ministries and agencies toward more extensive utilization of these research projects in the economy. The following were designated at the USSR Gosplan session among the projects of the USSR Academy of Sciences Siberian Department which are of importance for utilization in the nation's economy:

- a group of new, high-productivity machines for the mining industry, ensuring improvement of the major indices of the most labor-intensive process of mining minerals;

- the SIGMA automated industrial enterprise management system, based on third-generation computers and providing a substantial improvement in production efficiency and improved planning;

- a series of studies connected with developing for the Arctic new structural materials, methods of welding metals which improve efficiency at low temperatures, production of new polymer-base cold-resistant materials, and development of new designs for transport and mining vehicles, prefabricated buildings and structures;

- a method of controlling soil temperature conditions in the construction industry, which makes it possible to reduce the cost of construction in this country's northern regions;

- technology of utilizing explosion energy to work materials and products in metallurgy and machine building, resulting in a significant metal savings; pressless ultrahigh pressure techniques, opening up good prospects for obtaining and utilizing hard and new synthetic materials in science and technology;

- catalytic heat generators and new industrial processes based on them, adoption of which can provide the capability to perform a large number of specialized tasks while simultaneously reducing initial and operating costs and increasing savings in metal and fuel;

a process of palladiumless metallization of dielectrics eliminating the chemical copperplating stage, which provides a new method of producing circuit boards with considerable savings from reducing palladium consumption;

a process of manufacturing synthetic precious stones, making it possible substantially to expand the jewelry products line and to increase capabilities to economize in precious metals;

new plant growth regulators which accelerate ripening and improve yields on a number of vegetables and other agricultural crops; a new hybrid sugar beet variety with elevated sugar content; a method of photoperiodic stimulation of fertility in sows, providing additional capability to boost productivity in hog raising.

Attaching great importance to accelerated adoption of scientific advances, new processes and equipment into production, USSR Gosplan instructed the members of USSR Gosplan, division chiefs and heads of organizations under USSR Gosplan thoroughly to study the recommendations contained in the reports and papers presented by the Siberian Department of the USSR Academy of Sciences, examining them in preparing the draft Principal Directions of National Economic and Social Development for 1980-1985 and for the period up 1990, as well as draft plans for the 11th Five-Year Plan.

With the objective of ensuring utilization of the results of scientific research conducted by the Siberian Department of the USSR Academy of Sciences, USSR Gosplan decided to draw up with the participation of the State Committee for Science and Technology and the USSR Academy of Sciences and to adopt a USSR Gosplan decree on measures to accelerate utilization in the nation's economy of research projects performed by the institutes and organizations of the Siberian Department of the USSR Academy of Sciences, and on matters requiring a government decision, and to draft appropriate proposals.

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### USSR SERIAL REPORTS (GENERAL)

USSR REPORT: Agriculture  
USSR REPORT: Economic Affairs  
USSR REPORT: Construction and Equipment  
USSR REPORT: Military Affairs  
USSR REPORT: Political and Sociological Affairs  
USSR REPORT: Energy  
USSR REPORT: International Economic Relations  
USSR REPORT: Consumer Goods and Domestic Trade  
USSR REPORT: Human Resources  
USSR REPORT: Transportation  
USSR REPORT: Translations from KOMMUNIST\*  
USSR REPORT: PROBLEMS OF THE FAR EAST\*  
USSR REPORT: SOCIOLOGICAL STUDIES\*  
USSR REPORT: USA: ECONOMICS, POLITICS, IDEOLOGY\*

### USSR SERIAL REPORTS (SCIENTIFIC AND TECHNICAL)

USSR REPORT: Life Sciences: Biomedical and Behavioral Sciences  
USSR REPORT: Life Sciences: Effects of Nonionizing Electromagnetic Radiation  
USSR REPORT: Life Sciences: Agrotechnology and Food Resources  
USSR REPORT: Chemistry  
USSR REPORT: Cybernetics, Computers and Automation Technology  
USSR REPORT: Electronics and Electrical Engineering  
USSR REPORT: Engineering and Equipment  
USSR REPORT: Earth Sciences  
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USSR REPORT: Materials Science and Metallurgy  
USSR REPORT: Physics and Mathematics  
USSR REPORT: SPACE BIOLOGY AND AEROSPACE MEDICINE\*

### WORLDWIDE SERIAL REPORTS

WORLDWIDE REPORT: Environmental Quality  
WORLDWIDE REPORT: Epidemiology  
WORLDWIDE REPORT: Law of the Sea  
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WORLDWIDE REPORT: Telecommunications Policy, Research and Development

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